



Population Services International (PSI)

Mid-Term Evaluation

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ACRONYMS

CEPEP	Centro Paraguayo de Estudios de Poblacion
COP	Chief of Party
CPR	Contraceptive Prevalence Rate
DFID	Department of International Development
FP	Family Planning
GM	General Manager
GOI	Government of India
GOP	Government of Paraguay
GRZ	Government of Zambia
HRD	Human Resources Development
HRM	Human Resources Management
IEC	Information, Education, and Communication
IPPF	International Planned Parenthood Foundation
MCH	Maternal and Child Health
MG	Matching Grant Program
MIS	Management Information System
MOH	Ministry of Health
NGO	Non-Governmental Organization
OMNI	Opportunities for Micronutrient Interventions Project
PRISSM	Promoting Improvements in Sustainable social marketing
PROMESA	Promocion y Mejoramiento de la Salud
PSI	Population Services International
PSI/I	PSI India
PSI/P	PSI Paraguay
PSI/W	PSI Washington
PSI/Z	PSI Zambia
PVO	Private Voluntary Organization
RH	Reproductive Health
SFH	Society for Family Health
SFH	Society for Family Health/PSI in Zambia
SM	social marketing
SMO	social marketing Organization
SOMARC	social marketing for Change
SRB	Sustainability Resource Binder
SSP	Sustainable Strategic Planning
STD	Sexually Transmitted Disease
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
UNFPA	United Nations Population Fund
UP	Upper Pradesh
USAID	United States Agency for International Development
ZIHP	Zambia Integrated Health Programme

EXECUTIVE SUMMARY

1. BACKGROUND TO THE GRANT

In 1997, the United States Agency for International Development, Bureau for Humanitarian Assistance, Office of Private and Voluntary Cooperation (USAID/BHR/PVC) awarded a Cooperative Agreement (FAO-A-00-97-0051-00) to Population Services International (PSI) in support of a Matching Grant program. The period of the grant is October 1, 1997 to September 30, 2000, and the amount of the application was for a total of \$2,346,280 with USAID providing \$1,160,307 and PSI providing \$1,185,973. This is the first Cooperative Agreement awarded to PSI under the Matching Grants Program.

In the original proposal, it was planned that PSI would match the USAID grant of \$1.16m almost exactly. In practice, PSI's contribution has increased to an estimated \$1.54m by the End of Project, mainly due to enhanced revenues in the affiliate markets and payments of unbudgeted salaries. To date, \$650,000 of USAID grant funds has been spent with shortfalls against the original Detailed Implementation Plan (DIP) budget. This is mainly due to the late commencement of the Paraguay program and payments of salaries and fringe benefits from PSI's own resources.

The Matching Grant program is designed to:

- (i) improve the financial and institutional sustainability of PSI's social marketing partner NGO's in three countries, and
- (ii) strengthen Headquarter (HQ) capacity to better provide these services.

The Matching Grant is implemented at PSI headquarters in Washington, D.C. and in three affiliated social marketing organizations: PSI/India, Society for Family Health/Zambia (SFH), and Promocion y Mejoramiento de la Salud /Paraguay. (PROMESA)

The DIP of April 1998 established a Results Framework for the Matching Grant. Four strategic objectives were established to capture anticipated program impact for headquarters and the affiliates, as follows:

- Headquarters: (1) Develop PSI's capacity to support affiliates' strategic sustainability planning and related activities;
- Affiliates: (2) Maximize social marketing contributions to international health;
- (3) Strengthen local organizational capacity;
- (4) Minimize financial vulnerability.

2. MAIN FINDINGS

The PSI Matching Grant program has been operating for two years and is showing good progress towards achieving its objectives. Considerable careful detailed thought and analysis has gone into

defining sustainability in a social marketing context. This has been implemented by means of a Sustainability Strategic Planning Process (SSPP) at field and head office levels, with considerable benefits to the organization and programs alike.

The sustainability concept has been widely publicised within PSI with presentations being made at international and regional retreats, as well as to senior head office personnel. Tools have been developed which facilitate the strategic planning process. These are PRISSM (Promoting Improvements in Sustainable social marketing), a Strategic Sustainability Planning Process (SSPP) using local situation analysis, stakeholder analysis and an affiliate Strengths, Weaknesses, Opportunities, Threats analysis (SWOT), and a Sustainability Resource Binder, the latter being a manual for PSI staff and others.

The strategic planning process has been implemented in the three designated countries, India, Zambia and Paraguay. Such has been the success of the SSPP program that requests have been made voluntarily by PSI affiliate organizations for similar exercises to be conducted in three other countries, Mozambique, Rwanda and Zimbabwe. In addition, Malawi has carried out the process on their own and Pakistan has requested being involved in the near future. There are plans within PSI to implement the process in several other major program countries in the near future. The Matching Grant has been material in encouraging this interest.

The benefits of the SSPP to the participating affiliates are numerous. Internally within the affiliates, it has facilitated better understanding of inter-departmental functions, inspired increased team effort by working towards a clearly defined common goal, and improved research, marketing, personnel and accounting functions. This has been exemplified in both the larger, longer established programs in Zambia and India, and also in the relatively new program in Paraguay. The Matching Grant has aided PSI progress towards a more efficient operation and helped develop the concept of sustainable social marketing both internally and externally.

The social marketing activities in each of the three target countries have shown that the development and implementation by PSI of the SSPP, under the Matching Grant, has led to improvements in maximizing social marketing contributions to public health. There is evidence in each of the three countries of expanded coverage, new products, and research activities, which have contributed to maximization of SM public health impact.

The process has enabled the increase and improvement of gathering data for marketing decisions in the three grant countries as a result of the activities under the Matching Grant. In addition, the program has improved management information systems (MIS), financial and cost accounting systems, and formal research studies into product use as well as other public health behavior and impact issues.

The marketing mix of products in the three grant countries has been enhanced as a result of the activities under the Matching Grant. This includes the development of new products, improvements of old products, expansion of coverage, and improved target marketing. Also, as a result of the Matching Grant, PSI has been encouraged to develop and implement new products in malaria control and improving water quality in Zambia, has plans to launch several new

products in Paraguay, and to develop a rural based project in India. All of these have effectively addressed priority health needs in the three grant countries.

In terms of organizational capacity, positions with responsibility for sustainability have been created which have allowed management to focus additional effort on relevant issues and concerns, particularly human resources, finance, costing and research. The necessity for cost recovery and savings by virtue of efficiencies within the bounds of the affiliates' missions has also been emphasised. Similarly, the need for donor diversification has been heightened and work has been progressing on this front.

The Matching Grant has enabled PSI to develop at both headquarters and field levels. It has encouraged the strategic planning process such that a nascent demand from non-target markets is becoming fulfilled. The process itself has made PSI affiliates think wider than just sales and has increased involvement with donors and stakeholders. Major strides have been made in personnel participation, with emphasis on improving financial sustainability through the development of broader based programs and increased numbers of donors, such that the overall goal of improved health impact is likely to be achieved.

3. PROBLEMS/CONSTRAINTS

These mainly relate to the apparent perception of what the Matching Grant program could achieve during the period of the grant.

The sustainability definition evolved by PSI is "the ability to make increasing contributions to priority health problems for the foreseeable future". This reflects PSI's position on developing sustainable programs, and can lead towards the social marketing goal of creating an environment where a continuing and increasing impact can be made on health issues. Although it can also be applied to other types of program where health impact is the ultimate goal, the balance of some of the implications may vary. Thus the PSI definition of "Sustainability" has a constraint in that this definition is not necessarily universally applicable to other types of program.

Implicit in this definition is the need to build sales, optimize cost recovery and savings, diversify the number of donors to a program, and reinforce the headquarters institutionalisation. This will take time to implement and however successful are the moves towards sustainability, there will be continuing requirement for donor support at some level. The need to develop local affiliate capacity both in human and product/project terms, whilst retaining a continuing link between the central PSI level and the affiliate will take time also and is not a short term process.

Given the historical background to sustainability definitions, the detailed intricacies of the current definition have needed several presentations to be fully comprehended, but now most staff buy into the work that has been carried out. In addition, presentations have been made to several donors and most have responded favourably. However, ready acceptance by these bodies is an on-going problem due to pre-conceived ideas and the mobility of staff, such that re-presentation is still required.

At this stage of the Matching Grant, strategic planning has been very much a learning process and, not surprisingly, as the process has evolved, some problems are yet to be overcome. There are “first time” inhibitions on the part of some of the staff when senior management are active participants. Also, there is a need for a facilitator external to the affiliate to conduct the exercise, and PSI Technical Services may not be able to carry out an expanded program without additional resources or training up of others within PSI to increase the pool of facilitators.

In developing a cohesive strategic plan for affiliates, the strategic planning process needs better integration with other organization plans and budgets. At present, these still tend to be carried out separately.

Although improvements to the financial reporting systems are being made all the time, there is a problem in easily calculating and allocating costs on an on-going basis. This is made more difficult where some programs have multiple donors and levels of effort by various staff members need to be allocated appropriately. PSI carry out this exercise on an annual basis at their fiscal year end. However, providing cost allocated data on periods other than a calendar year is not a straightforward matter.

Although job descriptions and appraisal systems are in place, there is still the need for planned career development and training. In fully integrating the SSPP into an affiliate, this will take time to evolve and is not immediately implementable, which may constrain the progress towards this aspect of sustainability.

In the design of the Matching Grant, it was proposed that a Sustainability Manager be appointed in each of the three affiliate target countries. In one country, Zambia, this has been possible but in India and Paraguay the absence of suitable external candidates has not permitted these appointments to be made. Instead, the role and functions of a Sustainability Manager are being fulfilled by existing staff alongside their other duties. Obtaining suitable candidates for important positions in social marketing organizations is a common problem in any event and, although India and Paraguay have found it difficult to recruit a Sustainability Manager, this has not necessarily detracted from managing the SSP process.

Participating personnel have found the SSP process of considerable motivational interest but, in some cases, the strategic planning activities are viewed more importantly than the sustainability concept. In addition, because the process is novel, involves individuals and departments, and encompasses subjects much wider than previously considered, care needs to be taken not to allow “planning” to diminish the prime goal of achieving sales volumes.

Although a prescribed format (SSPP) has necessarily been evolved for the initial three markets, the process is not a “black box”. This may appear a constraint in the original conception of the objectives to the Matching Grant. However, it is essential that local requirements are taken into account and, in conducting second and subsequent exercises in the strategic planning process this has been taken into account and it is likely that this will occur, whilst still retaining the basic PSI tenets.

At head office level, the situation is not, as yet, as clear-cut. Although a form of strategic planning takes place, the process, as carried out in the target countries, has not been fully institutionalised at HQ level. This was not an objective of the Matching Grant and, although HQ has encouraged the SSPP as required under Matching Grant, it is suggested that, had implementation of SSPP at HQ level been in place, this may have better encouraged acceptance of the process at field level.

The Matching Grant has helped put into place various implements necessary for the sound running of a large and growing organization to PSI's benefit. However, the change in style of the company, from one which has focussed heavily on sales growth to one where process and functions are becoming increasingly important, is somewhat slower in being implemented. Although changes are taking place in the corporate culture towards becoming more participatory, this will take some time before becoming fully institutionalised.

Over the years, the Boards of the various affiliates have been appointed at varying standards of quality and involvement. In part, this is due to the resources available locally. However, the current absence of clear direction by PSI/W as to the role of the affiliate boards, their constitution and mandate, and the ability to recruit suitable people to fulfil these functions may slow down the early implementation of some of the recommendations. The boards are still dominated and controlled by Washington PSI staff, do not meet regularly, and the local affiliate rarely uses the board or board members to assist the organization in the external activities of communications, public relations, fund raising, or contact and assistance with governmental organizations and other partnership personnel.

The current status of the program is that the SSPP is continuing in the target countries, is being implemented in several other markets and plans are in hand to broaden the base of markets undertaking the process. Whether or not this should be mandatory for all PSI markets is still under debate but it is likely that, where appropriate, this will be put in place. At present, resources are limited but will be required to give this expanding program continuing impetus.

4. LESSONS LEARNED

"Strategic Planning for Sustainability" is a developmental strategic **process** rather than a required management **activity**, and needs to include all levels of the organization - management as well as the board - in order to develop a shared mission, vision, and strategic direction for the organization. Sharing this at all levels will lead to improved understanding and support for sustainability of the organization.

The Sustainability of social marketing Program is a difficult area to clearly articulate and define, and is especially hard to gain acceptance of in some quarters. This is due to historical definitions and connotations of independence, local control, loss of international donor funding and other existing public health and development values. Communicating these new definitions to USAID, host governments, and developmental partners will not be an easy task and will take considerable

communication and further research by PSI.

The SSP process is one which is new to PSI and particularly to some of its staff. Facilitation of the process by a person outside the country management would appear to be essential both as part of a learning process and also to provide apparent impartiality. As noted above, this will require increased resources from within PSI.

Improvements in accounting and cost reporting systems to develop more information for decision making take time to implement. This includes the need for definition of monthly financial indicators that accurately reflect the operational costs, especially unit costs, as well as revenues by product. A protocol for cost recovery and monitoring, which is not uniformly present in PSI, would be beneficial as some affiliate organizations extend into new areas such as the marketing of service.

Modern personnel and human resource systems in social marketing programs and projects are not yet uniformly developed within PSI. It is important that these are put in place as PSI develops its sustainability program.

There is a need to bring the local boards more fully into the governance process of local PSI organizations. At present the local boards are an under utilized resource that could play a much larger role in sustainability of these organizations. This resource could be better utilized both externally and as an independent source of counsel by the Country Representative.

5. RECOMMENDATIONS

Expand the Strategic Planning for Sustainability Process.

PSI should expand the "Strategic Planning for Sustainability" process, as developed under the Matching Grant, to PSI programs in as many of the 47 countries as is applicable to individual country sustainability needs. This could be initiated in the third year of the Matching Grant or be the basis for a follow-on Matching Grant for PSI in future years (2001-2004)

Budget

Attention should be given to the utilization and allocation of expenditure of the Matching Grant budget during its third year of operation, in order that both USAID and PSI funding is spent expeditiously in the time remaining.

Monitoring of costs

In monitoring costs it is also recommended that these are reviewed on, say, a 6-monthly basis, rather than wait for a PSI fiscal year end. This will aid accounting for Matching Grant and other donor reporting which have different fiscal timings to that of PSI.

Use the Strategic Planning Process at Head Office level.

PSI has grown considerably and rapidly in recent years in terms of revenue, countries and staff. PSI should utilize the "Strategic Planning for Sustainability" process, as developed under the Matching Grant in the three grant countries, in its own development of a "corporate/headquarters" Strategic Plan for Sustainability, with its own Corporate PSI Mission, Vision, SWOT's, Strategic Directions, Goals, and Action Plans.

Refinement and publicization of Strategic Planning Sustainability

PSI should continue to refine and develop its definition of "social marketing Sustainability" by conducting additional research into programs and countries which may have moved from international to local NGO control and direction of programming and management. In conjunction with this refinement in the definition of sustainability, PSI should increase communications with its donors, partners, and other stakeholders in the public health and development field to ensure that they fully and clearly understand PSI's definition and approach to sustainability.

Continued Facilitation

In follow-on strategic planning processes in target countries, PSI should continue to help facilitate local retreats with either PSI/W personnel or consider training Regional Directors to carry out this function. When the process has been carried out for a third time it is probable that the countries should be able to manage the process internally. Certainly second time around, and perhaps subsequently in some circumstances, it would be appropriate to continue with an "external" facilitator, until such time as the participating staff and management gain sufficient confidence to generate a totally uninhibited dialogue.

Expansion of Participation

Consideration should be given to involving less senior management in the SSP, particularly where the local organizations are of sufficient size to have departments. Here it is recommended that the departments themselves run the process for their own areas of responsibility, the results of which are then incorporated into the organization plan.

Implementation of Personnel Systems

PSI should implement modern Personnel and Human Resource Systems in all social marketing programs and projects, including job descriptions for all positions. These should include employee personnel manuals, job classification and grading systems, salary surveys and established salary ranges for each grade, employee evaluation systems, guidelines for annual salary increases in each grade based on performance category, employee database, organograms, and the assessment of training needs for each level of staff. The systems should be mandated from the corporate office for all social marketing programs in all countries, where applicable.

Training

PSI should begin to focus more attention and resources into the training and development of local country staff to qualify and to fill senior positions in the organization, including that of Country Representative, where appropriate, in order to fully develop local capacity for sustainability. The development of local staff should become a major performance indicator for Regional Directors and Country Representatives. This may require additional training for local staff and some degree of risk taking to allow local staff to develop over time through increased levels of delegation and improved levels of responsibility and authority.

Board Involvement

PSI should bring both the corporate and the local boards more fully into the process of developing and implementing "Strategic Planning for Sustainability" through participation by all board members in the process of developing plans.

Improving Governance

In conjunction with increasing involvement in sustainability by boards, PSI should begin to improve the governance process at all PSI locations through the implementation of training programs for board development at both the local and the headquarters levels. The implementation of these "effective management/board relationship" development programs, could be part of the third year of the Matching Grant or the basis for a follow-on Matching Grant for PSI in future years (2001-2004).

Role of Boards

This "Board/Management Development Program" should clearly articulate the role of the board, the role of management, the jobs of the chairman, CEO, individual board members, and the role of board committees in doing the work of the board. This should aim to improve understanding of how boards and management can work together more effectively to provide the necessary advice and guidance to management to improve long term sustainability of the organization.

Financial Audit

PSI should consider acquiring an annual independent audit of the financial statements and accounts, as well as compliance and internal controls, of local PSI organizations to ensure the sustainability of the fiscal integrity of these organizations over time. These audits should be conducted by an external accounting firm to ensure that the respective controls exist at all levels of the organization, including the board, and that all senior management and all board members have executed "conflict of interest" statements to ensure fair and unbiased treatment of management proposals, vendors, contractors and subcontractors.

Fiscal Integrity

In conjunction with the development of boards, the Finance and Audit Committee of the Board,

in each country and at Headquarters, should have a professional accountant as chairman of the committee, who can provide the necessary "advice and guidance" to management and the board in these critical sustainability and fiscal integrity issues.

1. INTRODUCTION

1.1 History of the Matching Grant

The Matching Grant Program allows “a U.S. PVO to expand a successful program in new places or initiate new projects. It also enables a U.S. PVO to undertake an experimental or innovative project on the cutting edge of development efforts that offers potential for learning and replication”.

1.2 Purpose of the Evaluation

The purpose of this formal evaluation is to assure USAID that the original objectives of the Matching Grant and the Detailed Implementation Plan (DIP) were being carried out in accordance with USAID guidelines. "This external mid-term evaluation is to assess the progress to date and recommend any changes in project implementation. The findings of the evaluation will be considered in the review of any proposal for a follow-on or subsequent grants."

1.3 Brief Description of the PVO

Population Services International (PSI), is a non-profit, non-governmental USAID-registered PVO established in 1970. PSI seeks to improve the health status of people in the developing world by increasing the availability, affordability and accessibility of contraceptives and other essential health products and information to the public by motivating change leading to healthier behavior. PSI uses the technique of social marketing - commercial marketing through existing networks in the private sector to assure widespread distribution of essential health products and widespread dissemination of information. The organization is a proven innovator in shifting the burden of providing health services and products from the public to the private sector. In the process, it stimulates the development of private, independent, locally based institutions, and helps create a policy climate conducive to increased reliance on the private sector to meet basic human needs and sustain economic growth. PSI headquarters is in Washington, D.C., with affiliated offices in the U.S. and in over 40 countries in Asia, Africa, Latin America, and Europe. It develops, operates, and assists maternal and child health and AIDS prevention programs through local partner NGO's in developing countries and in the U.S.

1.4 Main activities to be conducted under the program

1. Articulation of PSI's distinct approach to sustainability in social marketing;
2. Facilitation of participatory strategic planning processes in participating affiliates;
3. Implementation of strategic sustainability plans in participating affiliates;
4. Provision of technical assistance (TA) to help participating affiliates to implement and revise their strategic sustainability plans;
5. Documentation of approaches, methodologies, and lessons learned for use throughout the network of PSI affiliates and beyond.

Below is given the Results Framework on which the Matching Grant was based.

1.5. Results Framework

Results Framework for Sustainability Matching Grant

Strategic Objective: To increase the sustainability of social marketing for health in selected developing countries			
Headquarters	Affiliates		
Intermediate Result #1:	Intermediate Result#2:	Intermediate Result #3:	Intermediate Result #4:
Develop PSI's capacity to support affiliates' strategic sustainability planning and related activities	Maximise social marketing contributions to public health	Strengthen local organizational capacity	Minimize financial vulnerability
Activities			
1.1 Disseminate approach to sustainability planning and experiences 1.2 Facilitate development and review of strategic sustainability plans 1.3 Develop tools for planning and management of social marketing sustainability	2.1 Gather data for marketing decisions 2.2 Use data to enhance marketing mix 2.3 Develop additional products to address priority health needs	3.1 Improve strategic planning 3.2 Increase capacity to demonstrate effectiveness 3.3 Strengthen governance 3.4 Improve management of human resources 3.5 Improve management systems	4.1 Analyze, manage costs and unit costs 4.2 Achieve optimum donor diversification 4.3 Achieve appropriate cost recovery 4.4 Increase unrestricted incomes
Inputs			
<ul style="list-style-type: none"> Technical Services staff time and resources for technical assistance and project management Consultants for priority themes 	<ul style="list-style-type: none"> Leadership and commitment of senior management and Board Dedicated "sustainability manager" integrated into senior management structure Consultants, local technical resources Participation of staff at all levels Engagement of external stakeholders 		

1.6 Methodology

The methodology to conduct this mid-term evaluation consisted of a review and analysis of numerous internal and external documents, as well as meetings with key PSI personnel at headquarters and with key PSI personnel and partnership organizations in India, Paraguay, and Zambia. Detailed information was reviewed at both the headquarters of PSI and in each of the three countries. USAID mission and host government personnel were interviewed as well as various NGO's, PVO's and other related partnership organizations in each of the three countries. The evaluators spent the first week of the evaluation in Washington, D.C. with USAID and PSI headquarters personnel, the second week in India and Zambia, part of the third week in Washington, D.C. and in Paraguay, and the fourth week in Washington, D.C. including a debriefing with PSI and USAID personnel.

2. SUSTAINABILITY AND STRATEGIC PLANNING

2.1. Sustainability

The overall goal, as outlined in the DIP, is "to increase the sustainability of health social marketing in selected developing countries." The issue of "sustainability" in social marketing is a difficult one, and the term means very different things to different groups in the field of International Development and Public Health.

2.2 Historical Background to Sustainability

Over the years, there has been considerable pressure, mainly from donors, to make social marketing programs "sustainable" – by this, meaning financially self-supporting without further donor assistance. This commenced in the early years of SOMARC with various models, utilising existing in-country resources such as distributors and sales-forces, with product pricing levels set at such levels as would yield a substantial return-to-project fund so that, in the fullness of time, the distributor would have a viable business and be able to continue without donor assistance. There are relatively few examples of this having worked in social marketing programs, because of the length of time it takes to generate sufficient consumer demand for the product or service such that revolving funds are sufficient. Similarly, in those programs which address HIV/AIDS, the ever increasing need for donated product, means that they are unlikely to be entirely self-sufficient for many years.

Manufacturers models have been tried, whereby product is supplied by existing manufacturers, and utilises their existing sales-forces and distribution systems. The social marketing program provides the marketing input and generates increased consumer demand, so that if and when volumes have increased sufficiently, the product can be handed back to the manufacturer for him to maintain the market. Unfortunately, in targeting middle to lower income consumers, as is the aim of many social marketing programs, the pricing of product has to be such that the margin generated is unlikely to be of sufficient interest to commercial manufacturers in the long term. Prices will have to be raised, thus possibly taking the product out of the financial reach of the target consumers to keep them in the market, and inhibiting the entrance of new consumers. PSI has never held the philosophy of total financial self-reliance for all its programs. It does, however, make efforts in most of its programs to grow volume and to improve cost-efficiency in its operation, which can lead to increased revenues.

Another avenue encouraged by donors was to add products to the social marketing portfolio on the grounds of "synergy". It was thought, sometimes mistakenly, that because a social marketing program had a salesforce and a distribution system, that products could be simply added, thus utilising existing resources at some cost benefit. For example, in countries, where a social marketing program has commenced by marketing condoms, say, many programs have a wide distribution in non-traditional outlets, with only a minor part of their business handled through pharmacies. Adding on an over-the-counter to the portfolio, which either traditionally or by law can only be sold in pharmacies, and to make it successful, requires considerable effort in marketing, selling, and support facilities and, very often the distribution channels will be quite

different from the existing ones. Thus, while it is a laudable aim to extend the range of products handled by a social marketing program, this in itself is unlikely to make the whole program self-reliant.

Following recognition by the donors that financial self-reliance was an unlikely achievable goal in the near to mid term, pressure switched to creating “institutional sustainability”. This requires the social marketing program to recruit, train and develop local management and staff such that the local NGO could run the program without the presence of international management. The ability to do this depends very much on the in-country resources. In some cases there is a small pool of qualified candidates who could be trained in the particular skills of social marketing. However, the really good people mainly are employed in the commercial sector and, whether or not they are willing to become part of a social marketing program, it is often the case that they are not affordable in salary and benefit terms. In other countries the resources are simply not there and the time frame for training is lengthy. This is not to say the social marketing program ignores the issue but rather it is a less simple task than is frequently recognized.

Thus, these simple definitions have moved on to incorporate some connotation of increasing cost recovery, some expansion of program, some gradual reduction in donor funding, increasing capacity of local affiliates which may lead to greater autonomy or independence from the original parent organization, and some form of privatization of the local NGO/PVO.

2.3. Definitions

Organizations, in addition to PSI, have been working on defining sustainability. In work done for DFID¹, it is noted that:

Sustainability of program benefits requires both the promotion of financial and institutional sustainability

The goals of financial sustainability and coverage of the poor may conflict

The weight given to sustainability compared with other program goals will vary among countries, depending on the level of CPR, HIV prevalence and risk, poverty and private sector development. Intermediate sustainability goals such as phased withdrawal of donor funding may be more feasible in many of DFID’s priority countries, than an ultimate objective of complete cessation of subsidies for commodities

They conclude by stating that “Sustainability of program benefits is the ultimate objective of efforts to promote sustainability”

Similarly, JSI working on their SEATS II Project² concludes that the strategy for sustainability supports the achievement of the overall Project Goal:

¹ social marketing, Issues for Appraisal, Monitoring and Evaluation, DFID, Neil Price & Richard Pollard, June 1999

² SEATS Framework Plan for Sustainability and Cost Recovery, SEATS II/JSI, 1998

“To expand the development of, access to, and use of quality FP and RH services in currently underserved populations, and to ensure that unmet demand for these services is addressed through the provision of appropriate financial, technical and human resources”

In addition they note that too strong an emphasis on cost recovery can “negatively affect program performance and actually reduce returns on investment in those programs aimed at underserved populations”

These, and other examinations of sustainability now seem to be leading to the achievement of **project goals in health terms** rather than individual aspects of previous definitions of sustainability.

This is the environment in which PSI began the process of improved definition and articulation of the concept of sustainability in the social marketing field.

2.4. PSI Definition

PSI with the assistance of the Matching Grant has developed and articulated a more precise definition of "sustainability" as it might apply to social marketing organizations and possibly other public health and developmental organizations. The PSI definition is one of continuing international organizational management, control of quality, and continued international donor involvement. This definition of sustainability is:

“The ability to make increasing contributions to priority health problems for the foreseeable future”

In essence this means that social marketing programs which are sustainable should continue to make an impact, that impact should increase over time, and the program should have the ability to continue indefinitely.

The implications of this definition for PSI to have sustainable programs are that they should:

1. Build sales
2. Maximise cost recovery, within the mission’s ability to do so, and not so as to risk other factors
3. Optimize cost savings, via human and product synergy, and efficiency
4. Diversify the product and/or project range
5. Build the local affiliate’s capacity, this including both the staff and the Board of the organization
6. Reinforce the headquarters institutionalization
7. Retain the linkages between PSI/W and the affiliate organizations
8. Diversify the number of donors, but recognizing that donated funds are likely to be required for the foreseeable future

This is quite a large number of issues to be covering, and to manage funding, donor development,

people development, organizational development and business building, all at the same time is a complex activity which requires a **strategic plan** if this holistic approach is to be achieved. This is particularly apposite in the case of PSI where the organization has undergone tremendous growth over the last 5 years. Since 1994, revenues have grown from \$26 million to \$67 million in 1999, the number of countries from 28 to 46 and the number of corporate personnel to 156 in 1999. With this size and complexity of organization, a strategic plan is essential at all levels if it is to operate efficiently.

2.5. Strategic Planning

2.5.1. PRISSM

Although PSI has had a process of marketing planning for some years in most markets, this has mainly been geared towards brand market plans, rather than a more comprehensive examination of the long term perspectives for the affiliates as a whole. During the mid 1990's a tool called PRISSM (Promoting Improvements in Sustainable social marketing) was developed for use by individual PSI market to comprehensively assess their strengths and weaknesses, this process being commenced during PSI's work on the AIDSMark project. By August 1999, PRISSM had been conducted in 20 PSI markets, mainly during the period of the Matching Grant.

This tool estimates and evaluates a wide range of affiliate activities covering marketing, operations and administration, human resources, corporate affairs, and external relationships.

PRISSM asks such questions as:

“Was research carried out into the branding of a product and, if so, what?”

“Is the brand name used in other PSI markets?”

“How was the pricing structure for the brand arrived at?” and “How does this compare with other similar products?”

“Are marketing plans in place for the brand and are these regularly updated?”

“What is the positioning of the brand in the market place and what media are used to promote it?”

“How are sales monitored?” and “What external data is available?”

“What is the system for procurement of commodities?”

“What financial systems are in place?” and “What is the status of the MIS systems?”

“What financial controls exist and who administers them?”

“How is the affiliate organization structured?”

“What personnel systems are in place?” and “How are personnel appraised?”

“Are there job descriptions for all employees?”

“What training is carried out?”

“What is the construction of the affiliate Board?”

“How often does it meet?”

“How does the affiliate relate to external stakeholders such as donors, Government bodies and

others?”

“What meetings does the affiliate attend with external organizations?”

These, and other detailed questions, provide a useful examination of the affiliates status, and allow some comparisons to be made of the affiliate’s standing in relation to other PSI programs. However, although comprehensive, this tool appears to measure historical trends and progress, and the current status quo, rather than looking to the future.

The findings from the 20 markets in which the PRISSM process has been carried out show that PSI field programs were strongest in external relationships and operations and administration. As would be expected, the marketing variables were equally strong but human resources management and corporate affairs were less so. Financial and accounting procedures and reporting were good in the operational sense but some elements such as cost allocation and revenue analysis were weak. Noticeably poor were the mission and planning variables and this reflects the lack of formal strategic planning in the organization.

The Matching Grant program has focussed PSI’s attention on Strategic Planning as a very necessary part of developing sustainability. The strategic objectives of the Matching Grant are to:

At Headquarters level to:

Develop PSI’s capacity to support affiliates strategic sustainability planning and related activities

At Affiliate level to:

Maximise social marketing contributions to International Health

Strengthen local organizations capacity

Minimize financial vulnerability

These objectives have been addressed in three affiliate countries, India, Zambia and Paraguay, as well as at head office level.

2.5.2. Sustainable Strategic Planning Process (SSPP)

Following the development of PSI’s definition of sustainability, this concept has been presented at four regional PSI retreats and also at a worldwide retreat. This gave notice to most PSI country representatives of the work that had been developed and how sustainability should be approached as far as PSI was concerned. In addition, several presentations were given to PSI/W senior staff, regional directors and program managers. This has lead to a greater understanding by senior staff and, at the same time, focussed their attention on the need for increased strategic planning as part of their formal processes. As of end 1999 the sustainability concept has been well understood by senior managers and has been “bought into” by most. Although not yet fully integrated, the PSI sustainability approach will be incorporated into PSI thinking worldwide. Presentations have been made at two international conferences and also to USAID, DFID and KFW. As yet, the understanding of PSI’s sustainability definition is not fully comprehended by all donors and needs constant re-presentation as staff change and old definitions are overcome.

2.5.3. Implementation at Field Level

A process (SSPP) has been evolved for implementation at field level in the three target countries. This has generally taken the form:

1. PSI/W sustainability staff present the sustainability definition, rationale and approach
2. A local situation analysis is conducted, covering the market for the various product groups, the social situation and trends in the country; maternal and reproductive health in the country, HIV/AIDS status, the history of the local affiliate and the political environment; the competitive situation, internal organization, and financial and cost recovery analysis.
3. Either shortly after, or sometimes simultaneously, a stakeholders survey was conducted. This involved interviewing various bodies concerned with the PSI affiliate operation, such as donors, local NGO's, Government, suppliers and so on, to determine their impressions of the local PSI organization.
4. Once these instruments were available, all countries held a retreat during which a PRISSM was carried out, the data from the situation and stakeholders surveys were presented, a SWOT analysis carried out, and the Mission and Vision statement and strategic plan generated. This process usually lasted about three days and was facilitated by personnel from PSI/W. In some countries, other less senior staff received a presentation of the results of the SSP.
5. Following a presentation of the strategic plan to the local affiliate Board and stakeholders, the SSP was finalised and implemented.
6. The documented results of the SSPP are passed to PSI/W for analysis and advice from HQ to the field. In addition this finalised documentation, especially PRISSM, serves as a benchmark for future years and a reference point for performance comparisons.

This process has been carried out in all the target countries. However, these were not all carried out at the same time since Paraguay, being a start-up program, was a late entrant.

The process, involving the senior staff of the local affiliates, has proved extremely valuable in creating a participatory environment in the affiliates, generating interchange of ideas and appreciation of other people and departmental roles, and ownership of the affiliate's progress. The incorporation of external situation status information and opinion from stakeholders is also valuable, in that these lateral inputs provide a holistic approach to social marketing strategic planning which inevitably impacts on others in the market place. Some difficulties were encountered by the staff involved in the process, in that this was the first time many had been

involved in strategic planning and the tools used. Also, it would seem unlikely that this first attempt could have been conducted without the facilitating presence of someone from PSI/W. A further difficulty was the inhibitions some members of staff may have felt about feeling sufficiently free to criticise their peers in a group situation, but it is believed that this will improve over time.

2.5.4. Sustainability Resource Binder

The SRB is a Strategic Planning for Sustainability tool which outlines the strategic planning process and provides information and advice on the process to local affiliates, including definitions, a cost-analysis guide, position statements, annotated bibliography, articles and related documents to improve implementation. As background material to providing guidance and how to best effect the SSPP the production of this tool has been extremely beneficial. However, it still appears essential, at present, that external assistance is given in expanding to new countries.

2.5.5. Comment

An examination of the PRISSM, SRB and SSPP, exemplifies the high quality of work that has gone into the sustainability process. The breadth and depth of topics covered is considerable and is perceived by countries which have used them to be an extremely valuable set of tools in effecting the strategic planning process. During the development years of the tools and process, comment was sought from the field on improvements that could be added, or changes and deficiencies that should be addressed. Thus, the process of development of the SSPP has been an interactive one which has produced high quality strategic planning products.

They are, of course, unique to PSI since social marketing is a specialised form of program designed to address health issues. Other types of health programs do not contain the same mix of sales, marketing, promotional and commercial variables, as well as addressing more generic health topics. That is not to say that the definitions evolved and the tools used in the planning process could not be of advantage to other types of program – just that other programs have different parameters, types of operation, and measurement indicators. Thus, the tools generated by PSI under the Matching Grant could be usefully considered for use by other types of program, but would need modification for their own particular purposes.

3. FINDINGS

Outlined below are the general findings by the evaluators on the objectives, for all three countries and PSI headquarters, as outlined in the original DIP and modified format in the first year annual report. The specific findings and verification for each country and headquarters follows.

It is worth pointing out at this stage that each of the 3 target countries is different in make-up.

SFH/PSI/Zambia has been established since the early 90's, initially selling condoms. The product range diversified extensively, particularly during the 1997/1998 period. The number of donors and activities increased, and SFH became fairly advanced in its programmatic efforts. Formalised strategic planning was new to SFH at the commencement of the Matching Grant.

PSI/India is a long established program, initially assisting Government of India in promoting and distributing Government of India condoms and Over-the-counter's. PSI/India expanded and introduced its own ranges of condoms, Over-the-counter's and Oral Rehydration Salts into 14 of the 25 Indian states. PSI/India also operates an HIV/AIDS program with CSW's and truckers in one state, and works with journalists to assist in the reporting and promotion of RH and MCH topics in the media. Prior to the Matching Grant, PSI/India underwent several changes of Country Representative, which led to a lack of consistent leadership and long term planning.

The situation in Paraguay is quite different in that PROMESA is a newly formed NGO. It is known for its educational work and only markets condoms at present. Unlike the other two target countries, PROMESA has a small staff and is only just getting its donor base established. This will lead to product range expansion and, in order to increase revenues, PROMESA is investigating the marketing of services and cross-subsidised products.

It is against this background of three distinctly different country programs, all at differing stages of development and with their individual problems and constraints, that the Matching Grant was introduced.

3.1. General:

PSI has made significant progress toward most of the objectives as articulated in the DIP, and it appears likely that these will be met by EOP. The Strategic Planning for Sustainability Program is innovative, effective and sustainable, and could be replicated and used by others in the social marketing field.

The development of a SSPP is of necessity a very comprehensive examination of all aspects and variables that affect PSI's operations, both at HQ and field levels. By definition, strategic planning is a process that addresses the longer term, as opposed to annual activity plans or tactical activities to address opportunities or threats as they arise. The PSI process, enabled by the Matching Grant, has been an insightful one, based on increased and improved situation analyses, and has helped define clear objectives for PSI operations for the longer-term future.

The benefits of the SSPP have been recognized at all levels where implementation has taken place. These benefits have been publicised within PSI and demand for them as come from several other affiliate organizations. It would appear likely that, given these evident benefits, the whole process aided by Matching Grant will not only continue within the target affiliate countries but will be expanded as far as is practicable within the PSI network. The plans generated as a result of the SSPP have been implemented in the affiliate countries, although timing of implementation has been slower for some aspects of the plans than others, particularly in the areas of Human Relations Development and Board integration. There are also some difficulties in being able to quickly implement improved financial systems. These need to be developed with a view to complementing existing PSI systems and also be applicable throughout the PSI network of programs.

The longer term examination of PSI operations generated by the SSPP has provided a framework for writing proposals, outlining objectives for evaluations and have improved staff orientation to the organizations in which they are working. Other side benefits are of improved knowledge and awareness, by external bodies, of PSI's contribution to health programs. In the process of carrying out stakeholder analyses and making presentations about sustainability to outside bodies, a better understanding of the role that social marketing can play in health initiatives has been achieved. Although not directly attributable, it is believed that this will aid fundraising in the future.

The major benefits attributable to the activity undertaken by PSI under the Matching Grant are:

- To have allowed time and effort to be put into developing a holistically formulated definition of sustainability and also time and resources to develop tools to implement this process.
- In implementation of the SSPP, the affiliate countries have been enabled to adopt a strategic planning role to the marketing of their product ranges, better plan how expansion of their brands should proceed in order to make an increasing impact on health, and to put in place mechanisms which would facilitate this impact by virtue of administrative, financial and human relations development resources.
- This has commenced change in the way PSI operates and has focussed attention on the various parameters which can affect sustainability of programs, both at affiliate level and at HQ level.
- Increased participation within organizations to a common set of goals and improved recognition of how an individual or departmental contribution can affect this.
- Induced a more efficient operation in achieving sales and revenue goals which increase impact
- Helped develop a more integrated approach to achieving these goals
- At HQ level it has been recognized that the SSPP activity has been well received and is one which the various CR's appreciate to aiding their own local efforts.

It is highly likely that the process will continue after the period of the current Matching Grant within the countries already targeted and will expand to other countries, thus aiding the overall

PSI mission. It will be beneficial if funding is allowed which will enable the continuation of this innovative and excellent initiative.

Strategic Goal: To increase the sustainability of social marketing for health in selected developing countries

1.1 Headquarters Objectives and Intermediate Results:

Intermediate Result #1: Develop PSI's capacity to support affiliates' strategic sustainability planning and related activities:

A review of the planning activities in each of the three countries has shown that PSI has utilized an innovative and effective approach, as developed by the PSI Headquarters Technical Staff, to develop and implement strategic planning for sustainability in the three grant countries. PSI headquarters staff, principally the Technical Services Group, has articulated a new definition of "sustainability" as it applies to social marketing Programs. During the Matching Grant period, 15-25% of the salaries and related expenses of two Technical Services staff have been charged to the Matching Grant.

The Technical Services Group has refined and improved the articulation of the PSI approach to sustainability, and has developed two new tools for affiliates to develop their own Sustainable Strategic Plans. In addition, during the same period, the corporate finance group has also improved capacity by conducting local financial system audits and implementing a common accounting software package (Quick Book), which has greatly improved the collection, reporting, analysis, and management of revenues, costs, and unit costs of the various products.

Given the work to date, the investment made by PSI into the sustainability process and the success with which the process has been received, it appears highly likely that this will continue expansion after the Matching Grant period.

IR1.1 Disseminate approach to sustainability planning and experience

PSI has developed and implemented in the three grant countries (India, Paraguay, Zambia) as well as three additional countries (Zimbabwe, Mozambique, Rwanda) a distinctive and effective approach to sustainability planning. This process was developed by the Technical Services Group at headquarters, and has been carried out through a series of workshops in each individual country, as well as coordinating workshops at headquarters, regional and international locations. Continuous review and improvement of the process has taken place over the two years of the Matching Grant. Under the Matching Grant, International Sustainability Conferences were held in Arusha in October 1998, and London in September 1999, which included as many as ten countries, as well as workshops in each of the three grant countries in both 1998 and 1999 to assist affiliates with developing and implementing SSP's. This dissemination included the development of two effective tools (PRISSM and SRB), which are discussed in IR1.3 below.

Further expansion of the program will continue and further refinement and dissemination of sustainable planning and experiences will be continued by PSI.

IR1.2 Facilitate development strategic sustainability plans

PSI has facilitated the development of strategic sustainability plans at both the headquarters, in the three grant countries, and in three additional PSI countries. This process was carried out by headquarters staff travelling to the three countries to conduct workshops, meet with stakeholders, and assist with review and finalization of the individual country plans, as well as conducting headquarters, regional and international workshops on the sustainability process. However, the local boards and the corporate board have not been fully involved in the strategic planning process which, in some instances, would greatly improve the sustainability of these programs over the long term. The process of facilitation was aided by headquarters technical staff through leadership in conducting the various workshops, developing materials and the strategic planning process, reviewing outputs of local staff and making recommendations for staff, and generally keeping the process on track in each country in both 1998 and 1999.

PSI recognizes the value of developing strategic sustainable plans and will continue to facilitate these from HQ level.

IR1.3 Develop tools for planning and management of social marketing sustainability

PSI Technical Services headquarter staff have developed a process (SSPP) and two effective tools to improve social marketing sustainability: 1) the Promoting Improvements in Sustainable social marketing (PRISSM) and 2) the Sustainability Resource Binder (SRB). The PRISSM is an operational and marketing audit tool that identifies all the various key components of effective marketing and operations which should be in place for effective social marketing. The SRB is a Strategic Planning for Sustainability tool which outlines the strategic planning process and provides information and advice on the process to local affiliates, including definitions, a cost-analysis guide, position statements, annotated bibliography, articles and related documents to improve implementation. These two management tools have proven to be innovative and effective in each of the three grant countries and three extension countries over the first two years of the Matching Grant.

2.0 Affiliate Objectives and Intermediate Results

Intermediate Result #2: Maximize social marketing contributions to public health

A review of the social marketing activities in each of the three countries has shown that the development and implementation by PSI of the SSP, under the Matching Grant, has led to improvements in maximizing social marketing contributions to public health. For example, Couple Years Protection (CYP) is increasing in all three countries (Annex C). There is evidence in each of the three countries of expanded coverage, new products, and research activities, all of which help maximize social marketing public health impact. It would seem likely that this sort of development will continue in the future, especially as the SSPP becomes institutionalized.

IR2.1 Gathering data for marketing decisions

PSI has increased and improved the process of gathering data for marketing decisions in the three grant countries as a result of the activities under the Matching Grant. This process involved improving management information systems (MIS), financial and cost accounting systems in all three countries, and increased formal research studies into behavior change as well as specific product related research. Examples of the latter are condom use in Paraguay, water quality in India and Zambia, bednets in Zambia, rural health development and examination of a micronutrient project in India. In addition there has been increased research into other public health impact issues and concerns. As improved data collection systems are put in place in both Matching Grant countries and others in the future, these will become a regular tool to aid PSI's planning process.

IR2.2 Use data to enhance marketing mix

PSI has enhanced the marketing mix of products in the three grant countries as a result of the activities under the Matching Grant. This includes the development of new products and improvements of old products, expansion of coverage, and improved target marketing. For example, and not exclusively, in Paraguay data has been used to better forecast sales of existing brands and their marketing; in India optimisation of media spend is being expedited by examination of new agencies; and in Zambia sales and coverage of MAXIMUM condoms has improved by opening up new geographic areas.

IR2.3 Develop additional products to address priority health needs

As a result of the Matching Grant, PSI has been able to develop and implement new products in malaria control (POWER NET in Zambia) and improving water quality (CLORIN in Zambia), a private sector partnership with commercial manufacturers of non-RH products in the rural sector, and a project to market the services of the Government of Paraguay and CEPEP, the local IPPF affiliate. All of these, and others, have effectively addressed priority health needs in the three grant countries.

3.0 Affiliate Objectives and Intermediate Results

Intermediate Result #3: Strengthen local organizational capacity

PSI has significantly increased the local organizational capacity as a result of the Matching Grant, with the establishment of a "Sustainability Manager" in Zambia and similar type positions in Paraguay and India. Difficulties in recruiting the appropriate calibre staff are an inherent problem for most social marketing programs and finding suitable candidates for Sustainability Manager in India and Paraguay were no exception. Instead, the role has been fulfilled by staff who have other responsibilities, but who can devote a substantial amount of resource time to the sustainability program. These positions have allowed management to focus additional resources on sustainability issues and concerns, have improved financial and management information

systems, and have improved analysis and reporting of various cost and revenue related issues. In addition in India, the SSPP has instigated a restructuring of the marketing department by product category rather than brand responsibility, and in Paraguay, there is an improved recognition of individual's roles as part of the PROMESA team. As SSPP becomes part of the PSI activity schedule in more and more countries, the process of strengthening organizational capacity will continue long after Matching Grant has ended.

IR3.1 Improve Strategic Planning

PSI has significantly improved strategic planning in the three grant countries as a result of the activities under the Matching Grant. This includes the development of a process utilizing all levels of management in the three countries, a review mechanism by headquarters staff, and a communications program of plans to key partners and counterparts. However, the local boards are not yet fully into the SSPP process which could, in some instances, improve the sustainability of the project over the long term. In Zambia, the process of strategic planning had commenced following the first SSPP in 1998 but in the other countries prior to the Matching Grant, there was little or no strategic planning, but this has now commenced to take place.

IR3.2 Increase capacity to demonstrate effectiveness

PSI has increased the capacity to demonstrate effectiveness as a result of the activities under the Matching Grant. This has been shown to be apparent with the quality of staff, increased training, improved relationships with counterparts and partners, the addition of a formal research function, and improved management and financial information and accounting systems. It is likely that this institution strengthening will be sustained in the future.

IR3.3 Strengthen governance

PSI has demonstrated some progress in the area of strengthening governance, but this remains a major area needing improvement. While attempts have been made to increase the number of board meetings and to involve board members, this has been relatively slow to get going. That said, in India use is already made of the Board members to assist with donors and how to best become involved with the HIV/AIDS epidemic, and in Paraguay there are plans to strengthen the composition of the Board and increase their involvement as a useful resource. In Zambia, however, the Board is less intimately involved in the governance of the affiliate organization.

IR3.4 Improve management of human resources

PSI has significantly improved human resource development at both the headquarters and at the local level in the three grant countries. This includes the development of effective personnel systems (job classification, grading, pay ranges) and development of training needs assessment for all levels of staff in some locations. As yet some of these need to be fully implemented in some countries. This improvement of quality of human resource development is likely to be developed further as PSI expands its programs both in geographic terms and product range.

IR3.5 Improve management systems

PSI has significantly improved management systems, including finance, costing, information, and research, as a result of the Matching Grant activities in the three local countries and at headquarters. Improvement in technology, hardware, and software systems have significantly improved and standardized reporting from the field to corporate level has assisted with the comparisons between countries on various key management and financial indicators. Zambia has made the most progress in this area, but was better developed at the start of the Matching Grant anyway. The SSPP has encouraged the setting-up of a separate procurement department in India, and planned increased involvement of senior staff in the budget development process. However, in Paraguay, being a young organization, the management systems are only just beginning to be fully evolved.

4.0 Affiliate Objectives and Intermediate Results

Intermediate Result #4: Minimize financial vulnerability

PSI has minimized the financial vulnerability of the organization as a result of Matching Grant activities. This includes increasing sales, revenues, and improvement in some unit costs of some products, decreased reliance on single donor funding in some countries, and has resulted in improved financial performance of the total organization. The situations are different in each of the target countries. Paraguay has a diverse donor base, but relatively small grants coming from each and, with a small new product base, revenue does not yet make a substantial contribution. Work continues to seek out a major donor. In India, revenue is a large proportion of income but work is continuing to extend the donor base to minimize vulnerability. Zambia is relatively well funded, revenue is increasing, and attention has been focussed on improving cost recovery. PSI has recognized the importance of minimizing financial vulnerability and will continue to make every effort to maintain the progress made in later years.

IR4.1 Analyze, manage costs and unit costs

PSI has made some progress toward improving costs and unit cost management including cost containment at local grant country level as a result of Matching Grant activities. The implementation of a standardized accounting software system (Quick Book) in the three grant countries has assisted with the collection, reporting, analysis, and managing of revenues, costs and unit costs. Still to be effectively put in place is a regularised system for cost-allocations, which can be updated easily at, say, 6 monthly intervals, rather than wait for the end of PSI fiscal year when all financial data are collated.

IR4.2 Achieve Optimum donor diversification

PSI has made some progress towards diversifying their donor base over a larger number of donors, thus reducing reliance on one donor. In Zambia and Paraguay, the number of donors increased between 1998 and 1999 but, in India, the situation is slightly more problematical as existing donor grants come to an end. Reliance on the major donor is about 90% in Paraguay and India, but only 22% in Zambia (Annex C). Work is continuing by actively recruiting other

international and local donors interested in social marketing as well as developing private sector involvement. This is not an easy process but is one on which PSI continuously focuses efforts both in the field and at head office.

IR4.3 Achieve appropriate cost recovery

PSI has made some progress toward achieving appropriate cost recovery in the three local grant countries, as a result of the Matching Grant, and work is continuing in this area of concern. Cost recovery rates are improving in all 3 target countries and in 1999 are expected to be 43% in India, 6% in Zambia and minimal in Paraguay (Annex C). However, as new products are brought to market, heavy initial investments tend to slow the cost recovery rates for the affiliates overall. Financial viability in order to continue to provide quality health initiatives is an ongoing problem and cost recovery is one mechanism that can balance variability in donor funding.

IR4.4 Increase unrestricted income

PSI has increased unrestricted income by virtue of improved revenues particularly in Zambia and India due to improved condom sales.

3.1.1. General Lessons Learned

"Strategic Planning for Sustainability" is a developmental strategic **process** rather than a required management **activity**, and needs to include all levels of the organization - management as well as the board - in order to develop a shared mission, vision, and strategic direction for the organization. Sharing this at all levels will lead to improved understanding and support for sustainability of the organization.

The Sustainability of social marketing Program is a difficult area to clearly articulate and define, and is especially hard to gain acceptance of in some quarters. This is due to historical definitions and connotations of independence, local control, loss of international donor funding and other existing public health and development values. Communicating these new definitions to USAID, host governments, and developmental partners will not be an easy task and will take considerable communication and further research by PSI.

3.2. Affiliate Country Findings

Now follows the findings from each of the target affiliate countries. In many instances the major findings are common to all three countries but the detailed findings are reported for each country separately. Where appropriate, reference is made to the tables in Annex C.

The indicators have been updated as of October 1999 by each of the three target countries. The source of these data is from the countries themselves and are actuals through 1998 with estimates being made for future years. The forecast sales, and revenues which derive from them, are normally based on what the market plans to achieve given history to date and, where information is available, on consumer trends. Where research has taken place, or is planned within the

programs of feasibility studies, are also shown.

Some indicators are easier to monitor than others, for example, sales volumes and revenues, marketing and research activities, and organizational activities. However, in the financial area, in some cases this has not been a simple task, as this is normally carried out at the end of the calendar year in line with PSI's fiscal year, when all financial data is complete. This demonstrates the sometime difficulties in allocation of costs on an on-going basis and there would seem to be a need within the financial systems of the countries to define a protocol for updating cost allocations on a regular and systematic basis. At a minimum it would appear sensible to monitor unit costs and recovery rates on, say, a 6-monthly basis, in order to take corrective action during a fiscal year if necessary. The development of phased budgets related to activity plans, and better monitoring of results against these on a regular basis, will also assist in this important area of control.

3.2.1. Summary Findings - Paraguay

BACKGROUND TO PROMESA-PSI/PARAGUAY

PROMESA is a relatively new NGO, being established in Paraguay in 1997 with the objective of assisting in promoting healthy behavior, especially amongst the youth and poorer people, focussing particularly on FP, HIV/AIDS prevention and MCH. Assistance is provided by PSI but, unlike many other PSI programs, this Paraguayan NGO has not been developed from a previous established PSI program. Initial projects were aimed at education and information transmission using mass media, and subsequently, grants were obtained to develop a social marketing contraceptive program, an iodised salt program, and continuing support for the youth education activities. Its funding comes from a wide variety of sources, but no one grant is sufficiently large for the organization to feel secure or complacent, and nor are its revenues of sufficient size to be a major contributory factor at this stage of the company's development.

In Paraguay, PROMESA is best known for its educational activities rather than being identified by its major condom brand, Pantera. It is also the case that it is by the NGO name that PROMESA is known rather than PSI. However, the international donor community, particularly USAID, is more encouraged to grant funds to PSI, rather than the NGO. That said, funds are being attracted via both routes.

The PROMESA Board was set up by a small group of interested parties, apparently more because it was a requirement rather than the necessity to have a controlling body. Formal meetings were spasmodic and infrequent and, although informal contact was regularly maintained, the Board has no executive responsibilities. The introduction of PSI into the equation altered the tenor of PROMESA, and professional staff were recruited to a variety of positions. However, the structure of the company was still very much lead from the top and staff carried out tasks, rather than contributed to the team effort of the organization as a whole. Inevitably, even in such a small organization operating for a short period of time, personal conflicts developed.

Paraguay is a conservative, and Catholic, country. Despite considerable efforts on the part of GOP, NGO's and others, open debate and publicity on matters sexual, particularly when aimed at the young, can attract criticism from various quarters, particularly the extreme religious groups. Condoms had been sold widely for some time, with Sultan the main brand, and with considerable competition from commercial brands. Distribution was mainly confined to traditional outlets such as pharmacies. Thus, when PROMESA launched Pantera in 1998 and subsequently started to distribute in non-traditional outlets, and, at the same time, was very visible with its traditional youth media activities, the organization attracted considerable public criticism. Whilst these difficulties were overcome, and with a dedicated staff albeit somewhat frustrated by the lack of coordinated structure or objectives, it was into this environment that the Matching Grant, and its SSP process were introduced in late 1998. This first SSP was conducted with the PSI/W Operations Director, the current and previous Country Representatives and senior staff responsible for sales, marketing, finance and administration, organization and development.

TIMETABLE

1998

- October: Financial consultant carries out cost analysis
Organizational development manager appointed
PSI/W personnel presents sustainability approach to PROMESA senior staff and USAID
- November: Situation analysis conducted
Research agency hired to carry out stakeholder analysis
- December: PSI/W personnel facilitates SSP retreat, including PRISsocial marketing
Strategic plan presented to stakeholders
Revisions to plan based on comments by staff and Board

1999

- January: Final version of strategic plan presented and formally approved by Board
Implementation of strategic plan
- July: Strategic plan updated at mid-year
- August: Visit by Country Director and USAID fellow
- September: Participate in London SSP and sustainability review meeting
- October: Situation analysis updated

RESULTS

Strategic Goal: To increase the sustainability of social marketing for health in Paraguay

Intermediate Result #2: Maximize social marketing contributions to public health

IR2.1 Gathering data for marketing decisions

The gathering of country situation data and the views of the stakeholder analysis have been instrumental in giving direction to way that PROMESA should market itself and helped in directing the search for new activities to provide a stronger base to the NGO. The formal

detailed analysis of the contraceptive market has helped clarify misconceptions and allowed improved brand strategies to be developed

IR2.2 Use data to enhance marketing mix

The data has been used to produce more realistic forecasts of current brands and their marketing, to better realise the urgent need for cross-subsidized product activities, and which strengths and weaknesses within PROMESA can be exploited and improved to advantage.

IR2.3 Develop additional products to address priority health needs

Diversification has commenced with new projects in conjunction with UNICEF and UNFPA. An innovative health project is under discussion with funding from DFID, and USAID are encouraging PROMESA to develop a project to market the services of GOP and CEPEP, the local IPPF affiliate. Cross-subsidized products are also under investigation which, although these may be appropriate in Paraguay, given the position of its private sector development, these may be hard to come by.

Intermediate Result #3: Strengthen local organizational capacity

There is now in place a stronger identification of PROMESA amongst its staff. They feel much more a part of a team which is working towards the same goals rather than carrying out their individual tasks and responsibilities. Prior to SSP the organization was product/project led, whereas now there is a greatly improved identification of “who we are and where we are going”

IR3.1 Improve Strategic Planning

Previously there was little or no strategic planning in PROMESA. The SSP has created a situation whereby staff recognize the unique situation of PROMESA’s minimal and diverse funding; and that this requires a long term view of where the company is going if it is to progress to meet its desired goal of making an impact on the health of Paraguay, and to be considered an important player in this activity.

IR3.2 Increase capacity to demonstrate effectiveness

Work is in hand to develop an identity for PROMESA which improves its image as a serious player in the health field and clearly states to GOP, donors, and stakeholders what the organization can accomplish. The appointment of a manager with prime responsibility for any activities relating to the sustainability of PROMESA is a key factor. Not only does this allow someone to handle the co-ordination of the SSP and its implementation, but keeps the issues of sustainability in high focus throughout the company. Alongside his responsibilities for the SSP, this manager also has responsibility for organization and development.

IR3.3 Strengthen governance

Senior management meet as an executive committee of PROMESA on a regular basis to discuss on-going activities. The change in executive director has facilitated a much more participatory involvement by departmental staff. The Board previously met irregularly, but it is now planned to increase the involvement of Board members in the business and use their counsel and contacts as a useful resource. Training of the Board has also been proposed recently. There may be a requirement to strengthen the composition of the Board and, as yet, the transition to active participation has yet to be implemented.

IR3.4 Improve management of human resources

Appraisal systems have been developed, as have job descriptions. These need refinement and career planning and training needs are yet to be formally included in the process.

IR3.5 Improve management systems

Financial systems have been put in place but, as yet, the accounting department function still has a need to become better involved in the day-to-day activities of the marketing programs, rather than be an administrative operation. Delegation of responsibilities is evident in most areas but, because of the relative newness of the organization and its personnel, there is still a need for experienced sales and marketing guidance from the executive director.

Intermediate Result #4: Minimize financial vulnerability

At present, the main donor to PROMESA is USAID, with relatively small grants coming from other sources. PROMESA has increased its number of donors from 4 in 1997 to 6 in 1999 (Annex C1). Whilst the donor base is already quite diverse, revenue income is not yet of sufficient size to provide long-term stability with any degree of certainty. Work is progressing to seek out major donor funding for new activities including innovative products, cross-subsidized products and the revenue from consulting services, thereby better utilizing PROMESA's personnel resources.

IR4.1 Analyze, manage costs and unit costs

Local costs are managed and analyzed effectively but there needs to be a continuation of change of environment whereby the accounting function becomes more aware and knowledgeable of sales and marketing activities in advance. There may be a need for some training in this function area of PROMESA. Unit costs have only just begun to show for Pantera condoms (\$0.08) which were launched in 1998, and are relatively low compared to other markets. As "services" are marketed, a methodology will need to be developed for giving unit costs for these activities where appropriate.

IR4.2 Achieve optimum donor diversification

PROMESA relies very heavily on USAID currently, with 90% of funding provided by this donor.

As stated earlier, other grants are relatively small and it is likely that the current situation will continue until other **major** products/projects can be introduced. Work is proceeding in this area and new activities with UNFPA and UNICEF will help diversify the donor base.

IR4.3 Achieve appropriate cost recovery

Measures are in hand to control costs and expenditure but, in these early days of the organization's growth, it is the search for revenue that is the more pressing objective.

IR4.4 Increase unrestricted income

Income from a revenue stream is likely to be relatively slow in making a major impact on the company's financing in the short-medium term, until such time as new major products can be introduced. Although growing, sales of condoms are expected to be only 600,000 in 1999 with, as yet, a relatively low condom per capita ration of 0.115. Revenues from condom sales are just over \$56,000 (Annex C1)

Lessons Learned

Even in a small organization, strategic planning is important if all staff members are to recognize the problems and constraints in developing a viable NGO. The SSPP can help alleviate sometime conflicts between personnel by appraising each member of the team of their responsibilities to the organization as a whole and the need to work together to achieve corporate goals.

Consumer research is essential to encouraging behavioural change and although sometimes costly, is a necessary and beneficial tool in brand development.

Sufficient time in the SSPP retreat needs to be allocated for thorough development of the process, especially when a PRISSM is being conducted for the first time with inexperienced staff. It may be more appropriate to pre-notify of content or carry out the PRISSM prior to the retreat.

In a small organization where there are no major departments or departmental heads, during the SSPP the Country Representative should rightly participate, but as an equal member of the participants rather than as a person in authority.

Recommendations

1. Urgent attention should be given to completing the task of defining career planning and training needs. This should lead to an enhanced feeling of individuals' involvement with the organization.
2. Thought needs to be given as to exactly unit costs are measured once PROMESA realises its "marketing of services" project. This is a new area and is different from product marketing.

Summary

PROMESA, as a young organization, has benefited from the SSP process just as much as the more mature programs. It has allowed recognition of the strengths and weaknesses of the NGO as it had developed in its short life to date, therefore enabling timely actions to be taken in respect of its image, the need for funding and revenues, and guidance as to where to search for these. Even though operating for only a short period, some conflicts had developed between personalities, and the SSP process allowed these to be clarified and resolved. The outcome of the SSP process resulted in a situation where participants “knew who we were and where we were going”. Although the need to develop a sustainable operation is most pressing in a young organization, the results of the first SSP process has benefited the conduct of the business and its personnel, rather more than being able to rapidly create a sustainable business. That said, the PSI concept of sustainability in delivering “continuing health impact on the target population” is one of the cornerstones of PROMESA’s mission. Unlike in other target countries where business had been going for many years and has every opportunity of continuing, Paraguay’s sustainability depends very much on their strategic planning to be able to generate sufficient business to achieve this objective.

3.2.2. Summary Findings - Zambia

BACKGROUND TO SFH – PSI/ZAMBIA

Prior to 1998 and the establishment of the Matching Grant, Zambia PSI project was in a stage of rapid growth with the launching of a number of new products, a high turnover of staff, and a rapid growth of sales and revenues. While the environment was highly charged and exciting, the management of the project was carried out mainly through the force and will of the Country Representation, with little planning and control by the other members of the senior staff, mid-level supervisors, or the local board.

TIMETABLE

1998

First Year of Matching Grant in Zambia

March:	Development and implementation of 1998 Strategic Planning Workshop, Stakeholders analysis and meetings with partners, counterparts, and donor by corporate and local staff to discuss Sustainability issues and concepts
April:	Revise Sustainability Strategic Plan for SFH/PSI with assistance of corporate personnel and finalization by local staff
June:	Conduct PRISSM exercise to identify deficiencies in Operations and Marketing Program, with assistance of local staff and some corporate guidance
October:	Attendance at Arusha, Tanzania East African social marketing Regional Conference including distribution of PRISSM exercise education and training
November:	Attendance at Reproductive Health/Smash workshop and training programs

1999

Second Year of Matching Grant in Zambia

- March: Development and implementation of 1999 Strategic Planning Workshop, Stakeholders analysis and meetings with partners, counterparts, and donor by corporate and local staff to discuss Sustainability issues and concepts
- April/May: Revise 1999 Sustainability Strategic Plan for SFH/PSI with assistance of corporate personnel and finalization by local staff
- June: Conduct updated and approved PRISSM exercise to identify deficiencies in Operations and Marketing Program, with assistance of local staff and some corporate guidance
- September: Attendance at the London Conference on Sustainability and received training and education on utilization of the new Sustainability Resource Binder

RESULTS

Strategic Goal: To increase the sustainability of social marketing for health in Zambia

Intermediate Result #2: Maximize social marketing contributions to public health

IR2.1 Gathering data for marketing decisions

Significant improvements in the process of collection, analysis and reporting of data for decision making in marketing of various products is apparent in a number of areas. The improvements in the Accounting System and the MIS (discussed below under IR3.5 and IR4.1) has led to refinements in the reporting of sales, revenues, expenses, receivables, and unit costs by region and by product. At present it is possible to receive monthly reports for each product, which present this information in an organized, accurate and timely manner. A variety of data from MCH and Youth Focus Groups have been collected and analyzed to better understand sexual behavior as well as differences in the various target markets.

Significant improvements in research capacity and capability have been made with the addition of a regional research position, which is allocated 25% to Zambia. This position, as well as research conducted over the last two years, with assistance of PSI/W staff, has lead to a large number of surveys and working papers, a number of formal publications on condom use, sexual behavior, and on water quality (see Agha, Sohail in Bibliography), as well as outlining future plans for malaria research in 2000. This data has greatly improved the ability of the marketing and sales staff to better target health interventions. The 1996 survey of condom use in Lusaka has become a baseline document used by a number of organizations. The addition of an effective research component has led to a refocusing from just programs toward behavior change and implementation of more effective public health interventions. Donors have become the driving force for this change and understand that research information must be collected on the need to change behavior not just sell and distribute products. The research is effective, innovative and sustainable.

IR2.2 Use data to enhance marketing mix

Significant improvements have been made in the use of the MCH and Youth focus groups and research data as well as the information resulting from the new MIS and Accounting System. This information has assisted in the improvements in sales and coverage of the major product, the MAXIMUM condom. While sales had fallen off in 1998, it was realized that in order to increase coverage as well as sales, additional geographical areas would have to be opened, resulting in new marketing efforts. This new data was used in Sales, Marketing and Brand Reviews which are done quarterly and result in improved targeting of products to specific groups.

Data from the Focus Groups has been used to better understand behavior as well as targeting markets, including a redefinition of the Youth target market for HIV/AIDS awareness and prevention to the 13-19 year old group. Data from Focus Groups have been used to pre-test the message and to ensure that the message is clear and well understood. Data from the focus groups has led to improved targeting of campaigns on both radio, TV, Mobile Video Unit, and drama groups for AIDS awareness and prevention. The information collected for the Sustainability Strategic Planning process and SWOT's analysis was utilized to better target markets and led to the need for more research on specific behaviors, which was conducted.

IR2.3 Develop additional products to address priority health needs

Significant progress has been made in developing and implementing new products over the last two years, based primarily on identified health needs. Two new products, CLORIN, a water quality purifier and POWER NET, a malaria insecticide treated mosquito net, have been developed and marketing in 1998-99 by PSI in three districts in co-ordination with JICA. The cholera outbreak in early 1999 led to the need to significantly expand the CLORIN product in a larger area with significant expansion of manufacturing, reduction in price and increased sales. New products such as an STD kit and a multivitamin are presently being discussed for possible implementation in 2000.

Intermediate Result #3: Strengthen local organizational capacity

IR3.1 Improve Strategic Planning

Significant improvement was achieved with the initiation of the first SSP in 1998, with the assistance of headquarters personnel (under the Matching Grant) and established corporate guidelines. A workshop was conducted by corporate personnel, and attended by senior management and the board chairmen in 1998. The second SSP in 1999 had more involvement at all management levels, but no board attendance due to absence abroad of the Board chairman, a workshop conducted by corporate personnel, and review and recommendations by corporate technical services personnel. In addition, corporate personnel assisted with stakeholder interviews and analysis in 1998, which greatly improved the process, as well as assisting with the preparation, review and analysis of the SSP document. The Sustainability Resources Binder, developed under Matching Grant, was utilized to improve the SSP process including a Cost

Allocation Model which was very effective in identifying, analyzing and allocating costs.

The 1999 plan was a much improved process and result over the 1998 plan, and is now better organized. It contains more in-depth analysis of marketing weaknesses, a review and tightening of the Mission Statement and expansion of the Vision Statement, improved SWOT's analysis by product, and improved plans for action and health interventions (i.e. Marketing Plans). In addition, a section on Key Strategic Directions for 1999 for each product and the organization as a whole, plus the addition of responsible party and a time line for completion, has resulted in an extremely valuable one year action plan. The only negative item was the lack of involvement of board members to assist with the process and establish a clear vision, where everyone contributes in developing and sharing equally in the outcomes.

IR3.2 Increase capacity to demonstrate effectiveness

Significant increases in capacity to demonstrate effectiveness over both the short term and long term have been demonstrated by PSI as a result of the Matching Grant in a number of areas. Discussions with partners highlight the quality of staff at PSI/Society for Family Health (SFH). As a partner of the Zambia Integrated Health Programme (ZIHP) and with the support of Central Board of Health (CBOH), SFH has demonstrated an integrated approach to public health interventions. There are visible improvements in accounting and cost reporting systems, MIS and the development of effective management systems, especially the training and development of local staff for research, marketing, and management. The ability to procure additional donor funds - JICA, DfID, UNFPA - outside of the normal funding mechanism demonstrates the ability and the capacity to perform effectively over the long term.

IR3.3 Strengthen governance

There has been little or no improvement in increasing the number of board meetings. Also, there is still lack of involvement of the board in strategic planning and direction, management oversight, financial review, fiscal integrity, and other normal governance functions of NGO's. The board is still dominated and controlled by Washington PSI staff, does not meet regularly, and does not use the board or board members to assist the organization in the external activities of communications, public relations, fund raising, or contact and assistance with governmental organizations and other partnership personnel. The board is not kept informed on an on-going routine basis and is often only consulted when there is a crisis issue or problem needing assistance. Management needs to see the board as more of a resource and more of a process of giving "advice and counsel" to the Country Director, rather than a group to keep as a governance tool in name only.

IR3.4 Improve management of human resources

Significant improvements in human resource development have been made during 1999 with use of outside consultants to assist with development and implementation of job descriptions, an employee personnel manual, job classification and grading system, salary survey and

establishment of salary ranges for each grade. There is an employee evaluation system, guidelines for annual salary increases in each grade based on performance category, an employee database, and organizational charts, although these do not include the board. PSI/SFH has also used an outside consultant to conduct an assessment of training needs for each level of staff (using questionnaire and interviews), in-house workshops on supervisory and management skill improvement. This involved 30 people for 3 days. A training policy has been developed, and one employee has gone to outside training program at the Harvard Program. All of these improvements have led to increases in morale and employee satisfaction. The only negative item identified is the lack of promotional opportunities for local staff above a certain level ("glass ceiling") due to the most senior positions always being occupied by expatriate staff sent from Washington. It is felt locally that some expatriates coming from Washington have less experience than locals on social marketing programs and need not necessarily fill these positions which might better be filled by local staff. There are thus local concerns which need to be addressed regarding increasing capacity, morale, promotional opportunities, and long term sustainability.

IR3.5 Improve management systems

Significant progress has been made with the development of the Strategic Plan for Sustainability, under the Matching Grant, which has also led to a number of other improvements. The PRISSM, established with Matching Grant funds, has led to an effective Operational and Marketing Audit Process, which identifies deficiencies and formulates a plan of action. The PRISSM was begun in 1998, but was improved in 1999 and is now more objective (deleted subjective scoring done in 1999), was conducted with more levels with more personnel being involved, and resulting in a PRISSM Action Plan. All of these activities resulted in the realization of the need to bring together the Strategic Plan, the Marketing Plan, the PRISSM, and the annual budget into an integrated process resulting in an Annual Business Plan.

Significant improvements have been made in the Financial Systems as well as improvements in the Management Information Systems. These were implemented partly as the result of a PSI/W corporate initiative to begin an internal audit and financial development process, which led to a new accounting system (Quick Book). Management Information Systems (MIS) were improved with the introduction of the new accounting system, and sales by geographical region and by sales representative which lead to improved Accounts Receivable Systems and improved Cash Collection Systems. An additional improvement was in the stock reconciliation and inventory control systems, which improved collections and internal controls. The new accounting system drove changes in the MIS, which led to improved allocation of costs. Another management system, which has improved significantly, is the Research Function, which is discussed above under the IR2.1.

Intermediate Result #4: Minimize financial vulnerability

IR4.1 Analyze, manage costs and unit costs

Significant improvements have been made in most financial areas, including the hiring of an

experienced Chief Financial Officer (CFO), additions of staff to the Accounting Department, procurement of new computer hardware and a new accounting software package (Quick Book). These changes have led to development of an improved General Ledger and Sales Ledger, allowing production of revenues and costs by product, sales by region by product and by sales representative, resulting in improved reporting and analysis of costs, revenues, and collections, as well as streamlining the end of month reporting process.

The addition of a new experienced CFO has led to the identification of the need to improve the accounting manpower and qualifications of accounting personnel, documenting the accounting system, as well as the development of improved internal controls and audit policies and procedures leading to improved accountability at all levels of the organization. Plans have been made for a retreat to train personnel on these new control policies and procedures and to evaluate the process over the next three months, as well as to implement an accounts clerk (instead of the sales manager) to each region to improve control of collections. The created position of Sustainability Manager, funded under the Matching Grant, has assisted management of the SSP. This has allowed the time to develop the process of identifying areas needing improvement (PRISSM) and developing plans for change, as well as developing a variety of reports to analyze and track over time the changes being made to financial and cost/information systems.

Other improvements, with the assistance of the Matching Grant and staff support from Washington, has been with the cost allocation, analysis and unit cost system so that it is possible to look at the cost/benefits of PEP's versus a radio show on a unit cost basis. Other changes in the Unit Cost report system allow better allocations of direct and indirect costs to respective cost centers to better identify real costs to the product. The only negative area within the cost/financial area is the lack of board review and the lack of an annual outside independent audit of the accounts by an external accounting firm to ensure accurate reporting and the fiscal integrity and sustainability of the organization over the long term.

IR4.2 Achieve Optimum donor diversification

Significant progress has been made in diversifying the donor revenue base over the last few years, currently now standing at 5 (Annex C2). While USAID remains the major funder (90% in 1999 Annex C2), the Government of Japan (JICA) has been brought in to assist with the procurement of the POWER NET for the malaria program with a grant of \$1 million in period December 1998-99. DFID has assisted with \$500,000 for male condoms in 1998-99 and \$310,000 for female condoms in October 1997-1998. In addition, funds from OMNI in the amount of \$15,000 was procured in March-April 1998 for a Sugar Fortification Feasibility Study and \$7000 from UNFPA for Female Condom IEC activities in October 1997. In 1998 a survey and directory of Donor Support to the Health Sector in Zambia was developed in order to better understand the range of international donors in Zambia and follow up activities included how to improve relationship and possible funding each of these groups.

IR4.3 Achieve appropriate cost recovery

PSI/SFH has made some progress toward achieving more appropriate cost recovery reaching 6%

in 1999 (Annex C2). The purchase of an office building and warehouse, with a three-year payback, has generated a savings of \$5,000 per month in rental expense. Costs monitoring by products and by department, as well as monitoring unit costs have reduced expenses and increased income. Control of overtime and the establishment of an overtime policy have reduced overhead expenses. Rationalization of transport use and controlling the misuse of project vehicles has led to savings in vehicle costs. Control of telephone calls, especially international calls has improved overall communication expenses. Cost Recovery of various product costs is tracked on an annual basis and is reviewed during the annual strategic planning process for sustainability. Significant changes in cost recovery targets result in respective development of action plans and other management activities to continue the process of improvement in sustainable cost recovery.

IR4.4 Increase unrestricted income

PSI/SFH continues to make progress in improving unrestricted income. Sales of condoms have increased considerable during 1999, after a poor year in 1998, and other brands are growing at a realistic rate. Revenues stand at an estimated \$150,000 for 1999 and look to grow to over \$200,000 by 2003 (Annex C2)

Lessons Learned

Rapid expansion into new product areas, whilst expanding the product base for greater sustainability, can be detrimental to core business. Strategic planning will help ensure that the appropriate resources are available to maintain product sales and, perhaps more importantly, revenue streams from existing major brands.

The appointment of a CFO can assist in the move to “management accounting”, as opposed to “financial accounting”. This leads to a greater involvement of the financial personnel in the efficient running of the organization and its programs.

Recommendations – Zambia PSI/SFH

1. PSI/SFH should continue refinement and development of its definition of "SM Sustainability" by conducting additional research into programs and countries which may have moved from "international" control and direction to "local" NGO control and direction of programming and management. In conjunction with this improvement in the definition of sustainability, PSI should increase communications with its donors, partners, and other stakeholders in the public health and development field to ensure that they fully and clearly understand PSI's definition and approach to sustainability.

2. PSI/SFH should bring the local board more fully into the process of developing and implementing "Strategic Planning for Sustainability" through participation by all board members in the process of developing these plans. In conjunction with increasing involvement in sustainability by boards, PSI should begin to improve the governance process through the implementation of training programs for board development at both the local and the

headquarters levels. The implementation of these "effective management/board relationship" development programs, could be part of the third year of the Matching Grant or the basis for a follow-on Matching Grant for PSI in future years (2001-2004). A "Board/Management Development Program" should clearly articulate the role of the board, the role of management, the job of the chairman, CEO, individual board members, and the role of board committees in doing the work of the board. In addition, this will improve understanding of how boards and management can work together more effectively to provide the necessary advice and guidance to management to improve long term sustainability of the organization.

3. PSI/SFH should begin to focus more attention and resources into the training and development of local country staff to qualify and to fill "senior" positions in the organization, possibly including that of Country Representative Position .in order to fully develop local capacity for sustainability. The development of local staff should become a major performance indicator for Regional Directors and Country Representatives. This may require additional training for local staff and some degree of risk taking to allow local staff to develop over time through increased levels of delegation and improved levels of responsibility and authority.

4. PSI/SFH should begin acquiring an annual external independent audit of the financial statements and accounts, as well as compliance and internal controls. This should be carried out by an external accounting firm to ensure the sustainability of the fiscal integrity of the organization over time. These external audits should ensure that the relevant controls exist at all levels of the organization, including the board, and that all senior management and board members have executed "conflict of interest" statements to ensure fair and unbiased treatment of management proposals, vendors, contractors and subcontractors. In conjunction with the development of boards (as noted in item 4 above), the Finance and Audit Committee of the Board should have a professional accountant as chairman of the committee, who can provide the necessary "advice and guidance" to management and the board in these critical sustainability and fiscal integrity issues.

Summary: Zambia - post Matching Grant Introduction

The introduction of the Matching Grant, the hiring of the Sustainability Manager, the Sustainability Strategic Planning Process, and the PRISSM, all were new effective planning and control tools to assist management with these function of building capacity at local levels with primarily local staff. The improvements in strategic planning and the development of new management, finance, and information systems have lead to major improvements in organization performance and the institutionalization of the strategic planning process. These new tools and skills have now greatly assisted in building capacity at the local level and have greatly improved the planning and control process, which is critical to an effective social marketing project.

3.2.3. Summary Findings -India

BACKGROUND TO PSI/INDIA

Of the three target countries, the PSI/India program is the largest and longest established. The NGO was established in 1979, and commenced operation in 1998, initially to assist Government of India in the fields of reproductive health, MCH and HIV/AIDS prevention. At first, PSI/India carried out the promotion and distribution of the public sector condom, Nirodh Deluxe, then Mala-D, the Government of India oral contraceptive was added in 1997. Now, as well as the Government of India brands, PSI markets its own Masti condoms, Pearl Over-the-counter's, and Neotral ORS in 14 of the 25 states and serves over half the Indian population. PSI/India also runs an HIV/AIDS prevention program in Mumbai working with CSW's and truckers, and works closely with journalists to improve the accurate reporting and promotion of RH and MCH topics in print media. The PSI/India office is based in Delhi and employs 46 Delhi staff, 87 field staff, 13 HIV/AIDS project staff and 22 peer educators in Mumbai.

During the period prior to the commencement of the Matching Grant, PSI/India had had a somewhat turbulent time. There had been 4 CEO's in the 1993-1997 period, which inevitably allowed a situation to develop where consistent leadership was lacking and the financial side of the operation was open to abuse. Although the organization was structured in terms of departments, sales, marketing, finance, administration, these did not work harmoniously together mainly due to lack of direction and personality conflicts. On the product side, sales of the major condom brands were seriously affected by commodity stockouts and Government of India procurement problems on Nirodh, competition from parastatals' price cutting of Nirodh Deluxe, and increased pressure from commercially marketed brands. The Over-the-counter brand Pearl was developing slowly and Neotral, the ORS was only launched in 1995. Thus revenue from social marketing activities was severely handicapped, there was heavy reliance on a limited number of donors funding projects in a small number of individual states, and project management tended to be related to donors rather than the organization as a whole.

In early 1998 a new Country executive director was appointed with the task of improving the PSI/India operation. At the same time, the SSP process was commenced. These two events coincided fortuitously. The SSP was an opportunity to change and enhance the internal company situation, to maintain and improve continuing activities, to get staff to recognize the need for expansion of activities and donors, and to involve external influences such as stakeholders.

TIMETABLE

1998

January:	New Country Representative arrives and first trial PRISSM conducted
February:	PSI/W gives sustainability presentation and initial SWOT conducted with General Managers
March:	External consultant conducts Situation Analysis Stakeholders Analysis conducted by Admar among 50 organizations First Annual Retreat – mission and vision developed and detailed SWOT
April:	Strategic Plan finalised

August: Presentation to stakeholders of survey results and retreat conclusions
Second (more real) PRISSM conducted with PSI/W facilitator

1999

April: Second Annual Retreat for strategic planning

May: PSI/W assisted finalization of 2nd strategic plan with GM's and HIV/AIDS project staff

July: 2nd year Strategic Plan issued

September: MG meeting of target country representatives, PSI/W and other interested countries in London

November: 3rd PRISSM conducted

RESULTS

Strategic Goal: To increase the sustainability of social marketing for health in India

Intermediate Result #2: Maximize social marketing contributions to public health

IR2.1 Gathering data for marketing decisions

A Field Force Management System is being developed commencing January 2000, which will provide data from the marketplace. Increased consumer market research is taking place and, with the appointment of a research manager, continuing research is planned.

IR2.2 Use data to enhance marketing mix

New software is being developed with an external consultant rewriting the company database. The financial system is being updated to improve analysis of cost structures, spend by product and state, and where revenues are being spent. It is planned to correlate these with sales and marketing activities. New agencies are being examined in order to optimize media spend.

IR2.3 Develop additional products to address priority health needs

A Safe Water project is being developed in conjunction with CDC since every region has different water. This will be along similar lines to the Zambia project with vessels being made locally. Previously, an ITN bednet project had existed in Orissa but this has now ceased. A concept paper is in hand to renew this activity and new grants will be sought. The launch of a Micronutrient project is being considered for Year 2000. A proposal is also in hand to develop a Private Sector Partnership in Orissa in conjunction with commercial manufacturers of non-RH products, working in the rural sector. Consideration is being given to developing a generic logo for PSI/India in order to make the company better known and minimize being identified by its major brand names.

Intermediate Result #3: Strengthen local organizational capacity

The marketing department is being restructured by product category rather than by individual brand responsibility. These will be Child Survival/Hormonals and HIV/AIDS. It is likely that new personnel will be recruited and a strategic training program for existing personnel will be instituted in 2000 (Annex C3- India).

IR3.1 Improve Strategic Planning

Given the previous situation which existed prior to the Matching Grant, strategic planning has been readily adopted, has aided reshaping the company, and is beginning to show benefits by focussing on longer term objectives. Complete integration of intra-departmental working is beginning to take place.

IR3.2 Increase capacity to demonstrate effectiveness

Higher quality General Managers (GM) have been recruited who are beginning to make an impact on the organization. A research manager position has also been created to carry out the proposed research program and to better analyse and make use of existing and new data. The Orissa rural project demonstrates geographic and type expansion and will require further staff to carry out this project.

IR3.3 Strengthen governance

The Board is to be strengthened with the addition of a new member and meetings are planned to be held more regularly in a more structured format. Use is already being made of some Board members and it is planned that greater use will be made of the Board as a resource. There are real issues to be addressed and it is felt that the Board can assist with these. An example of these is how to deal with some problematic issues with one of the donors and how to best become involved in the burgeoning HIV/AIDS epidemic. The Management Executive Committee has had 3 meetings this year and it is planned to regularise these into bi-monthly meetings. These will review regularly what is happening in each of the project areas in order to maintain momentum, and plan for improved donor and State Government contact. It is possible that the Board may assist in the latter

IR3.4 Improve management of human resources

The appraisal system has been changed, including a self-completion appraisal form and, at present, it is planned to appraise staff every 6 months, although frequency of this is still the subject of some debate. Job descriptions have been written and external consultants are to be engaged to identify individual training needs and career path progression. In future it is planned to recruit good staff and aim to retain their services to institute a junior management program. A strategic training plan is due to be implemented commencing mid 2000 (Annex C3).

IR3.5 Improve management systems

A separate procurement department is to be created to improve the current process. Along with the new planned financial system, it is planned that GM's will contribute to a budget process development and this will be used to track spend against planned activity. In year 1 of the SSP staff had little involvement with budget development but they will have an input into year 2000 budget.

Intermediate Result #4: Minimize financial vulnerability

Government of India provides subsidized commodities and marketing and packaging costs for their brands sold by PSI/India. Although KfW funds cover activities in several states, mostly donor funding is by state, thus restricting flexibility in spend. Fortunately, revenues at 43% are a large proportion of PSI/India income, but are forecast to decline somewhat as newer activities come on stream from 2001 (Annex C3). Using the new financial system it is planned allocate funding more flexibly to address particular issues by state. Similarly, in Orissa 30% of sales are in rural areas compared with only 10% in UP. Attention is being given to spreading distribution over a wider base to minimize vulnerability with percentage of sales in rural areas increasing from 5% in 1999 to 25% by 2003 (Annex C3). (The out years after conclusion of the current Matching Grant are shown to illustrate the likely continuing progress). As well as working towards increasing the donor base, the private sector project seeks to work on a cost sharing basis with the commercial sector

IR4.1 Analyze, manage costs and unit costs

Systems are in place to analyse costs but allocation of some costs is quite difficult, given the large number of products supported by a variety of donors operated in a varying number of states. Work needs to be done in developing a protocol for the cost allocation in complex situations such as these. The costs themselves appear to be well managed, and unit costs look to be stable or reducing over time, with overall revenues increasing (Annex C3).

IR4.2 Achieve Optimum donor diversification

The donor situation in India is complex with grants committed by one or more states by a variety of donors. Although efforts are in hand to seek out new donors, the very size of the market makes it difficult to foresee anything but the current situation of state by state funding continuing. As some of the smaller current grants come to an end, this situation is reflected in the present indicators with a reduction in number of donors contributing to operational costs and, implicitly, a greater reliance on the major donor over the next 3 years (Annex C3). Naturally this situation is being constantly monitored

IR4.3 Achieve appropriate cost recovery

Cost recovery rate increased to 38% during 1998 and is forecast to continue at a higher level (43%) in 1999. However, after that the cost recovery rate is predicted to fall back somewhat.

This is primarily due to product mix, the relative volume increase of PSI brand condoms at the expense of Government of India brand, and program expansion into more expensive rural areas (AnnexC3).

IR4.4 Increase unrestricted income

There have already been large increases in revenues in the current year to \$1.5 million, mainly due to a recovery in condom sales, both for Government of India and PSI brands. This is forecast to continue though at a slower rate of increase, reaching \$2.45 million in 2003 (Annex C3).

Lessons Learned

In a large, complex and long standing organization which operates reasonably efficiently in marketing products, the need for strategic planning is sometimes lost in the pressure to maintaining high volume business.

Individuals working in large established departments do not necessarily see how their work impacts on other departmental activities.

Recommendations

1. It is recommended that, once the new financial system is in place, that work continues to correlate cost structures and spend by product and state with sales and marketing activities. This will lead to improved understanding of brand and activity responsibilities by the product sector managers, and will enhance forward planning in future years.
2. The product sector managers and, where appropriate, other departmental heads, should be involved in the budget setting procedure. Again, this will lead to increased recognition of organizational constraints and improve responsibilities for activity planning.
3. In the continuing quest for new donors, it is recommended that, as PSI/India evolves its departmental restructuring and its strategic plans, these developments are communicated to donors and stakeholders at every available opportunity. This may also incorporate increased utilisation of Board members to facilitate this.

Summary

The Matching Grant came at a very opportune time for PSI/India. After a period of several difficult years involving management change, loss of direction and impetus, and having a large program bereft of any formal strategic planning, the coincidental timing of the Matching Grant along with the arrival of a new Country Executive Director was of considerable benefit to the organization. The SSP assisted the new Executive Director in turning around the business, refocussing staff's attention on their responsibilities and priorities, and implementing changes

necessary to the better running of the organization. Most indicators show improvement and, while there are still difficulties ahead, the company is in much better shape to tackle these.

4. BUDGETS

Table 1 shows budgets by country and source as outlined in the DIP and also the actual expenditures for the first two years of the Matching Grant.

TABLE 1
(\$000's)

	YEAR 1		YEAR 2		YEAR 3		ALL YEARS		
	AID	PVO	AID	PVO	AID	PVO	AID	PVO	TOTAL
INDIA	81	162	71	158	74	165	225	485	710
BUDGET									
ACTUAL	57	415	67	456	83	165	207	1036	1243
ZAMBIA	76	30	77	361	76	126	229	517	746
BUDGET									
ACTUAL	27	69	80	124	88	126	196	319	514
PARAGUAY	24	0	78	26	80	28	181	53.8	235
BUDGET									
ACTUAL	0	0	77	30	104	286	181	57.1	238
H/Q BUDGET	110	18	124	19	113	19	347	56	402
ACTUAL	75	0	161	97	171	13	407	110	517
INDIRECT	54	24	66	25	59	26	178	75	253
BUDGET									
ACTUAL	52	0	53	0	93	16	208	16	222
TOTAL Matching Grant	344	234	414	588	402	365	1160	1187	2347
BUDGET									
ACTUAL	211	483	439	706	540	348	1189	1538	2727
DIFFERENCE	-134	250	-25	118	138	-13	29	351	380

Source: DIP budgets and 2nd year annual report

During the first year of the Matching Grant, there was considerable underspending of USAID's contribution. This was mainly due to the late start of Paraguay as a participating country, and also the salaries and fringe budgets were not fully utilised, since PSI themselves funded a high proportion of these. To date, \$650,000 of the original \$1.16m USAID grant has been spent. In the original proposal, PSI was to match the USAID grant almost exactly. In practice, PSI's contribution to the Matching Grant has exceeded budget in the two years to date by \$368,000, this being mainly spend on commodities.

In the negotiations over DIP budget, it was agreed that PSI's proposed disbursement allocation should be amended to favour in-country spending. In practice, as the Matching Grant has progressed, the need for PSI/W sustainability team involvement has resulted in the necessity for increased H/Q spend, again funded by PSI themselves to date.

Although budget management is under control, care must be taken in the last year of the Matching Grant to correctly utilise and allocate expenditures.

5. LESSONS LEARNED, RECOMMENDATIONS AND CONCLUSIONS

5.1 Lessons Learned

The SSP process is one which is new to PSI and particularly to some of its staff. Facilitation of the process by a person outside the country management would appear to be essential both as part of a learning process and also to provide apparent impartiality. As noted above, this will require increased resources from within PSI.

Improvements in accounting and cost reporting systems to develop more information for decision making take time to implement. This includes the need for definition of monthly financial indicators that accurately reflect the operational costs, especially unit costs, as well as revenues by product. A protocol for cost recovery and monitoring, which is not uniformly present in PSI, would be beneficial as some affiliate organizations extend into new areas such as the marketing of service.

Modern personnel and human resource systems in social marketing programs and projects are not yet uniformly developed within PSI. It is important that these are put in place as PSI develops its sustainability program.

There is a need to bring the local boards more fully into the governance process of local PSI organizations. At present the local boards are an under utilized resource that could play a much larger role in sustainability of these organizations. This resource could be better utilized both externally and as an independent source of counsel by the Country Representative.

5.2 Recommendations

Expand the Strategic Planning for Sustainability Process.

PSI should expand the "Strategic Planning for Sustainability" process, as developed under the Matching Grant, to PSI programs in as many of the 47 countries as is applicable to individual country sustainability needs. This could be initiated in the third year of the Matching Grant or be the basis for a follow-on Matching Grant for PSI in future years (2001-2004)

Budget

Attention should be given to the utilization and allocation of expenditure of the Matching Grant budget during its third year of operation, in order that both USAID and PSI funding is spent expeditiously in the time remaining.

Monitoring of costs

In monitoring costs it is also recommended that these are reviewed on, say, a 6-monthly basis, rather than wait for a PSI fiscal year end. This will aid accounting for Matching Grant and other

donor reporting which have different fiscal timings to that of PSI.

Use the Strategic Planning Process at Head Office level.

PSI has grown considerably and rapidly in recent years in terms of revenue, countries and staff. PSI should utilize the "Strategic Planning for Sustainability" process, as developed under the Matching Grant in the three grant countries, in its own development of a "corporate/headquarters" Strategic Plan for Sustainability, with its own Corporate PSI Mission, Vision, SWOT's, Strategic Directions, Goals, and Action Plans.

Refinement and publicization of Strategic Planning Sustainability

PSI should continue to refine and develop its definition of "Social Marketing Sustainability" by conducting additional research into programs and countries which may have moved from international to local NGO control and direction of programming and management. In conjunction with this refinement in the definition of sustainability, PSI should increase communications with its donors, partners, and other stakeholders in the public health and development field to ensure that they fully and clearly understand PSI's definition and approach to sustainability.

Continued Facilitation

In follow-on strategic planning processes in target countries, PSI should continue to help facilitate local retreats with either PSI/W personnel or consider training Regional Directors to carry out this function. When the process has been carried out for a third time it is probable that the countries should be able to manage the process internally. Certainly second time around, and perhaps subsequently in some circumstances, it would be appropriate to continue with an "external" facilitator, until such time as the participating staff and management gain sufficient confidence to generate a totally uninhibited dialogue.

Expansion of Participation

Consideration should be given to involving less senior management in the SSP, particularly where the local organizations are of sufficient size to have departments. Here it is recommended that the departments themselves run the process for their own areas of responsibility, the results of which are then incorporated into the organization plan.

Implementation of Personnel Systems

PSI should implement modern Personnel and Human Resource Systems in all social marketing programs and projects, including job descriptions for all positions. These should include employee personnel manuals, job classification and grading systems, salary surveys and established salary ranges for each grade, employee evaluation systems, guidelines for annual salary increases in each grade based on performance category, employee database, organograms, and the assessment of training needs for each level of staff. The systems should be mandated

from the corporate office for all social marketing programs in all countries, where applicable.

Training

PSI should begin to focus more attention and resources into the training and development of local country staff to qualify and to fill senior positions in the organization, including that of Country Representative, where appropriate, in order to fully develop local capacity for sustainability. The development of local staff should become a major performance indicator for Regional Directors and Country Representatives. This may require additional training for local staff and some degree of risk taking to allow local staff to develop over time through increased levels of delegation and improved levels of responsibility and authority.

Board Involvement

PSI should bring both the corporate and the local boards more fully into the process of developing and implementing "Strategic Planning for Sustainability" through participation by all board members in the process of developing plans.

Improving Governance

In conjunction with increasing involvement in sustainability by boards, PSI should begin to improve the governance process at all PSI locations through the implementation of training programs for board development at both the local and the headquarters levels. The implementation of these "effective management/board relationship" development programs, could be part of the third year of the Matching Grant or the basis for a follow-on Matching Grant for PSI in future years (2001-2004).

Role of Boards

This "Board/Management Development Program" should clearly articulate the role of the board, the role of management, the jobs of the chairman, CEO, individual board members, and the role of board committees in doing the work of the board. This should aim to improve understanding of how boards and management can work together more effectively to provide the necessary advice and guidance to management to improve long term sustainability of the organization.

Financial Audit

PSI should consider acquiring an annual independent audit of the financial statements and accounts, as well as compliance and internal controls, of local PSI organizations to ensure the sustainability of the fiscal integrity of these organizations over time. These audits should be conducted by an external accounting firm to ensure that the respective controls exist at all levels of the organization, including the board, and that all senior management and all board members have executed "conflict of interest" statements to ensure fair and unbiased treatment of management proposals, vendors, contractors and subcontractors.

Fiscal Integrity

In conjunction with the development of boards, the Finance and Audit Committee of the Board, in each country and at Headquarters, should have a professional accountant as chairman of the committee, who can provide the necessary "advice and guidance" to management and the board in these critical sustainability and fiscal integrity issues.

5.3 Conclusions

The PSI Matching Grant program has been operating for two years and is showing good progress towards achieving its objectives. Considerable careful detailed thought and analysis has gone into defining Sustainability in a social marketing context. This has been implemented by means of a Sustainability Strategic Planning process at field and head office levels, with considerable benefits to the organization and programs alike. Management capacity, program and financial management, information development and sharing, and strategic partnerships have all improved as a result of the Matching Grant.

At country level, the process has been well received and, opportunely, has assisted PSI management in building staff morale, developing motivation and team spirit, as well as enabling the introduction of technical tools and functions. Mostly, as result of the Matching Grant, business is on a sounder footing, product diversification is better planned, and the development of longer term goals will serve to make both PSI and its programs better positioned to make a continuing contribution to sustainable health impact.

ANNEXES

Annex A. List of Persons Contacted or Interviewed

PSI HEADQUARTERS

Richard A. Frank	President
Alex K. Brown	Executive Vice President
Dana Hovig	Vice President Operations
Peter Clancy	VP & AIDSMark Director
Dan Marvin	Controller
Guy Stallworthy	Director London Office/Former Technical Services Director
Clayton Davis	Director Technical Services
Michelle P. Armoni	Director Human Resources & Administration
Kyle J. Peterson	Country Director
Will Warshauer	Country Director
Josselyn Neukom	Program Analyst
Janet Livingston	Program Manager
Kim Vazira	Program Manager
Amy Power	Program Manager

USAID/W

Peggy Meites	Results Specialist, PVC
Paul Hartenberger	Former Director PHN Zambia
Claudia Alfonso	Former USAID Fellow
Joy Pentecostes	USAID Fellow

PSI/INDIA

Ms Carol Squire	Executive Director
Mr.S.K.Bali	General Manager – Sales
Mr. Punit Mathur	General Manager – Finance
Mr. Soumitro Ghosh	General Manager – Marketing&Communication
Lt.Col H. Singh	General Manager – HRD&Administration
Ms. Julia Miele	Fellow
Mr. Anish Pande	Rural Marketing Manager
Mr. Ramakrisnan Ganesan	Manager – Research
Mr. Atanu Dutta	Manager PR & Advocacy
Ms. Piyu Banerjee	Coordinator PR & Advocacy
Ms. Phitu Jain	Coordinator Inter-personal Communications
Mr.S. Srikanth	Product Manager – Condoms
Ms. Shampa Bandyopadhyay	Product Manager – Hormonals
Ms. Malavika Baksh Rao	Product Manager – Child Survival
Mr. P.S.Kavalekar	Manager Procurement
Mr. S. Ramkumar	Jr. Manager MIS

PACKARD FOUNDATION

Ms. Martha Campbell	Senior Program Officer
---------------------	------------------------

DFID/INDIA

Ms Sue Emmett

Governance Advisor Health Sector Group

Dr. Raj Juyal

Economic Advisor Health Sector Group

NATIONAL FOUNDATION FOR INDIA

Mr.Shankar Ghose

Exec.Dir. & CEO (Board of PSI/India)

PSI/PROMESA - PARAGUAY

Mr. David Olson

Executive Director

Ms. Graciela Avila

IEC Manager

Mr. Juan Carlos Ferriera

Sales & Marketing Manager

Mr. Edgar Colman

Organization & Development Manager

Ms. Maria Inez Lopez

Micronutrient Coordinator

Ms. Susana Nunez

Administration & Finance Manager

Ms. Lone Schack

Bilingual Secretary

Ms. Christina Da Re

President Board of Promesa/ Protocol Director –Ministry of
Exterior Relations**USAID/PARAGUAY**

Mr. Jerry Barth

Deputy Director

Mr. Enrique Vilbalba

Program Officer

SFH/PSI ZAMBIA

David Phiri

Chairman of the Board

Brad Lucas

Executive Director, SFH/PSI Zambia

Duncan Kalichini

Deputy Director - Operations

Bonnie Chileshe

National Sales Manager

Chilufya Mwaba

Condom Marketing Manager

Margaret Simeza

Family Planning Marketing Manager

Pearson Kalungulungu

Sustainability Manager

Chris Mukkuli

Child Health Marketing Manager

Dr. Sohail Agha

Technical Director - Research

Nils Dana

Executive Director Designate

USAID/ZAMBIA

Robert Clay

Director PHN Zambia

Paul Zeitz

PHN Zambia

OTHER ZAMBIA ORGANIZATIONS:

Elizabeth Serlemitsos

CoP, ZIHPCOMM

Dr. Nosa Orobato

CoP, ZIHPSERV

Brad Lucas, CoP

ZHIPSOM

Dr. Peter Eerens

CoP, ZIHPSYS

Yann Derriennic

Deputy CoP, ZHIPSYS

Dr. Gavin Silwamba

Zambia CBOH Director

Annex B. List of Materials Reviewed and References Consulted

Agha, Sohail, Lusaka Sexual Behavior and Condom Use Survey, 1997 and thee other research studies in Zambia on condom use, behavior, and water quality 1999.

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Annex C: Sustainability Objectives and Indicators

C1. PARAGUAY

Objectives/Indicators of Sustainability	1997	1998	1999
Broaden & Deepen Health Impact			
Begin new projects	4	4	1
Sales of condoms by unit	0	394,780	600,000
Couple Years Protection (CYP's)	0	3,048	6,000
Condom sales per capita	0	0.14	0.115
Number of sales outlets	0	500	2,900
Strengthen Internal Management			
Conducted cost/revenue analysis		1	1
Conducted strategic planning process		1	1
Manual of functions, policies, procedures and employee evaluation			1
Staff training plan			1
Monthly financial reports submitted on time			12
Develop & monitor annual budget		XX	XX
Weekly meetings of senior staff			48
Meeting of Board of Directors	1	2	2
Develop Public Image of PROMESA			
Establishment of mission, vision & logo		XX	XX
Public relations plan			XX
Distribute PROMESA materials			XX
Coverage of PROMESA's activities in mass media	XX	XX	XX
Strengthen PROMESA's presence in national & international networks	XX	XX	XX
Develop Diversified Sources of Funding			
Percent of funding from principal donor (USAID)	88%	90%	84%
Number of donors	4	5	6
Condom sales revenues in US\$		31.475	56.508
Total local costs in US\$	2.299	557.765	451.394
Cost of sales per condom in US\$		0,70	0,64
Unit cost in US\$		0,08	0,09

Source: PROMESA/PSI/ Paraguay

ANNEX C2 - ZAMBIA
SUSTAINABILITY OBJECTIVES AND INDICATORS OVER TIME

Indicators by Objective	1995				1996				1997				1998				1999				2000				2001				2002				2003											
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4												
Maximize Public Health Impact																																												
Condoms per capita	0.68				0.79				0.79				0.57				0.68				0.72				0.77				0.83				0.89											
CYP					71,488				78,074				72,764				83,248				91,105				100,875				109,259				121,520											
Sales																																												
Maximum	6,271,206				7,424,783				6,688,515				5,280,104				6,200,000				6,700,000				7,400,000				8,100,000				8,900,000											
Care									7,620				29,280				36,000				43,000				51,840				62,208				74,650											
Safeplan					10,856				184,086				288,576				310,000				350,000				390,000				410,000				470,000											
Prolact									120,954				166,464				180,000				198,000				215,000				235,000				260,000											
PowerNet													2,238				10,000				45,000				60,000				75,000				90,000											
PowerChem																	1,000				20,250				27,000				40,250				54,250											
Clorin													3,708				120,000				210,000				320,000				510,000				720,000											
Proposed Products/Feasibility Studies*																																												
Injectables																					40,000				50,000				62,500				75,000											
Multi-Vitamin																	xx				xx-1)																							
ORT																					xx				xx																			
VCT																									xx				xx															
Cross-Border HIV/AIDS Initiative																									xx				xx															
ZIHP Collaboration																																												
SFH participation in ZIHP technical & working groups																	xx				xx				xx				xx				xx				xx							
Strengthen organizational capacity																																												
KAP survey									xx				xx								xx				xx																			
Distribution survey					xx				xx								xx				xx				xx																			
Establish regional research expertise																	xx				xx																							
No. staff trained													2				4				2)				2				2				2											
No. staff cross-visits													2				3				2				2				2				2											
No. local/regional Board members													3				3				5				5				5				5											
Board meetings per year													3				2				3				3				3				3											
Strategic/sustainability planning									xx								xx				xx				xx				xx				xx											
NGO registration USAID																					not done																							
HRD assessment																	xx																											
HRD plan implemented																	xx				xx				xx				xx				xx				xx							
Financial management TA													xx				xx				xx				xx				xx				xx				xx							
Disseminate SFH corporate documents & research reports													xx				xx				xx				xx				xx				xx				xx				xx			
Minimize financial vulnerability																																												
Percent costs main donor	95%				100%				99%				96%				90%				88%				86%				84%				82%											
Number donors	2				1				3				3				4				3				4				4				4											
Number of expatriates	1				2				2				2				3.25				3.25				3.25				2.25				2											
Feasibility: endowment																					xx				xx																			
Revenues	37,567				98,386				142,810				133,015				150,000				163,500				179,850				197,835				207,463											
Total costs	1,431,585				2,111,312				2,093,199				3,237,279				2,500,000				4,164,145				4,036,405				3,191,507				2,268,388											
Cost/condom sold	0.25				0.21				0.19				0.29				\$0.21				\$0.32				\$0.28				\$0.20				\$0.13											
Cost/CYP					30.72				27.24				38.42				\$30.03				\$45.71				\$40.01				\$29.21				\$18.67											
Total cost recovery	2.6%				4.7%				6.8%				4.1%				6.0%				3.9%				4.5%				6.2%				9.1%											

Notes on ANNEX C2:

Source: SFH/PSI/Zambia

The activities marked “XX” are where these have taken or will take place

* The new product introductions and Feasibility studies are contingent on donor and stakeholder support

1) The Multivitamin Feasibility Study in 1999 was postponed due to delay in signing of funding contract

2) Staff training includes long term courses at local institutions

ANNEX C3: INDIA

SUSTAINABILITY OBJECTIVES AND INDICATORS OVER TIME

Indicators by Objective	1996				1997				1998				1999				2000				2001				2002				2003			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Maximize Public Health Impact / Define Strategic Role for SM																																
VCT feasibility study conducted																		xx	xx													
# of condoms sold in conjunction with Bombay AIDS prevention activities																																
% of total sales in rural areas													5%				10%				15%				20%						25%	
# of villages where PSI brands are sold																																
KAP surveys conducted																	xx							xx								
Sales																																
Nirodh	27,409,000				29,964,000				17,272,600				38,000,000				40,000,000				42,000,000				45,000,000						50,000,000	
Masti	13,971,314				25,930,122				40,565,630				45,000,000				55,000,000				61,000,000				67,000,000						74,000,000	
Pearl	355,600				552,106				922,680				1,800,000				2,200,000				2,500,000				2,800,000						3,200,000	
Mala-D					255,050				1,780,000				3,500,000				3,800,000				4,200,000				4,800,000						5,200,000	
Neotral	1,170,300				940,550				790,825				700,000				900,000				1,000,000				1,100,000						1,200,000	
Neotral Orange									157,020				700,000				900,000				1,100,000				1,300,000						1,500,000	
Insecticide Treated Nets																																
CYP	441,157				621,030				786,271				1,237,692				1,411,538				1,545,385				1,704,615						1,886,154	
Improve Organizational Skills, Systems and Culture																																
KAP survey																	xx							xx								
Strategic training plan implemented																	xx	xx	xx		xx	xx	xx	xx	xx	xx						
# Staff promoted, or participating in cross-departmental assignments																	xx															
# Executive committee meetings													1	2			1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2
# non-financial staff using TETRA for program management												4					8				12				16						16	
Strategic planning exercise									xx				xx				xx				xx				xx						xx	
PRISSM conducted/results analyzed													xx				xx				xx				xx						xx	
Strengthen Financial Resource Base																																
Total Costs	\$2,205,138				\$2,759,577				\$2,920,166				\$3,563,440				\$4,276,129				\$5,131,355				\$6,157,625						\$7,389,150	
Value of GOI marketing and packaging contribution as % of total expenditure					8.00%				10.00%				11%				11%				10%				9%						9%	
# of stakeholders contacted (w/substantial programmatic update) by quarter																																
Number of donors supporting operational costs					5				7				5				5				3				3						3	
% reliance on largest donor					25.2%				21.8%				24.5%				46%				48%				55%						45%	
Feasibility of expanding urban presence for cross subsidy purposes																					xx											
Unit Costs* (using GOI subsidized product prices for condoms and OCs)																																
Condoms																																
Gross					\$0.0219				\$0.0222				\$0.0196				\$0.0209				\$0.0223				\$0.0242						\$0.0262	
Net					\$0.0110				\$0.0086				\$0.0069				\$0.0083				\$0.0099				\$0.0118						\$0.0138	
Pills																																
Gross					\$0.94				\$0.31				\$0.22				\$0.22				\$0.22				\$0.23						\$0.25	
Net					\$0.89				\$0.27				\$0.18				\$0.18				\$0.18				\$0.20						\$0.22	
ORS																																
Gross					\$0.82				\$0.84				\$0.54				\$0.49				\$0.47				\$0.48						\$0.49	
Net					\$0.75				\$0.76				\$0.45				\$0.39				\$0.37				\$0.38						\$0.39	
Revenues					\$829,694				\$1,109,408				\$1,517,738				\$1,804,262				\$2,001,810				\$2,212,881						\$2,457,238	
Cost recovery rate**					30%				38%				43%				42%				39%				36%						33%	

Notes on ANNEX C3

Source PSI/India

Activities marked “XX” are where these have taken or will take place

* Unit costs in 1993-1996 were calculated using different methodology and are not comparable with 1997 onwards.

** Sales revenue as % of total expenditure

*** Quarters refer to USAID fiscal year, beginning October 1

ANNEX D

STATEMENT OF WORK MID-TERM EVALUATION POPULATION SERVICES INTERNATIONAL: SUSTAINABILITY Matching Grant FAO-A-00-97-00051-00

1. Background

In 1997, USAID/BHR/PVC awarded a Cooperative Agreement (FAO-A-00-97-00051-00) to Population Services International (PSI) in support of a matching grant program. The period of the grant is October 1st, 1997 to September 30th, 2000.

This is the first Cooperative Agreement awarded to PSI under the Matching Grants Program.

The program is designed to (i) improve the financial and institutional sustainability of PSI's social marketing partner NGOs in three countries, and (ii) strengthen HQ capacity to better provide these services³. The program is implemented at PSI headquarters in Washington DC and in three affiliated social marketing organizations: Population Services International/India (PSI/India); Society for Family Health/Zambia (SFH/Zambia) and Promocion y Mejoramiento de la Salud-PROMESA/Paraguay.

The Detailed Implementation Plan, of April 1998, established a Results Framework for the Matching Grant (attachment 1). Four Strategic Objectives were established to capture anticipated program impact for headquarters and the affiliates, as follows:

Headquarters:	Develop PSI's capacity to support affiliates' strategic sustainability planning and related activities;
Affiliates:	Maximize social marketing contributions to international health;
	Strengthen local organizational capacity;
	Minimize financial vulnerability.

The main activities to be conducted under the program were as follows:

- Articulation of PSI's distinctive approach to sustainability in social marketing;
- Facilitation of participatory strategic planning processes in participating affiliates;
- Implementation of strategic sustainability plans in participating affiliates;
- Provision of technical assistance to help participating affiliates to implement and revise their strategic sustainability plans;

³Cooperative Agreement FAO -A-OO-97-00051-00, September 30, 1997; Attachment 2

Documentation of approaches, methodologies and lessons learned for use throughout the network of PSI affiliates and beyond.

2. Objectives

USAID/BHR/PVC wishes to conduct an external mid-term evaluation of PSI's Matching Grant program to assess progress to-date and recommend any changes in project implementation. The findings of the evaluation will be considered in the review of any proposal for a follow-on or subsequent grant.

3. Activities

1. Assess progress towards each major objective.
 1. Assess progress has been made towards the objectives articulated in the DIP.
 2. Estimate the probability of objectives being met by the end of the program.
 3. Identify major successes and why these elements were successful.
 4. Assess the effectiveness of PSI's approach to sustainability and its planning.
 5. Assess the extent to which the planning and institution-strengthening processes initiated under the program are likely to be sustained.
 6. Comment on the importance of this program in the evolution of health social marketing.
 7. Identify the major constraints encountered and assess PSI's response to them.
2. Assess progress towards sustainability.
 1. Identify: program elements that are intended to be sustained; sustainability objectives; indicators used to measure progress; achievements to-date; and prospects for post-grant sustainability.
 2. Discuss the existence and status of cost-recovery mechanisms, local level financing or other approaches to generate resources to support project operations.
3. Assess the status of strategic partnerships with NGOs, community-based or local level government.
 1. Characterize partnerships with local level partners (role, responsibilities, decision-making authority, mechanisms, fiscal autonomy and amount of grant funds directly managed).
 2. How did the program plan to assess the quality and scope of partner relations, and what was the impact of the partnership on the program?
 3. What change in capacity of local level partners was planned and what change achieved?

4. Assess the local level partners' satisfaction with the partnership.
 4. Assess change in the organization's management capacity as a result of the grant.
 1. What changes have occurred in the organization's capacity for critical and analytic thinking regarding program design, impact and sustainability?
 2. To what extent have affiliates' capacities for strategic sustainability planning been strengthened through their participation in the program?
 5. Assess program management
 1. Assess the capacity of PSI to monitor the performance and measure the impact of the Matching Grant.
 2. Comment on the adequacy of human resources (quantity and quality) devoted to the program at headquarters and in the affiliates.
 6. Assess program financial management.
 1. Are adequate financial monitoring systems in place to verify program revenue, operating and financial expense, other inputs and outputs.
 2. Has the program leveraged additional resources (beyond the match)?
 3. Comment on the cost-effectiveness of the program.
 7. Assess information-sharing
 1. Comment on the utility and timeliness of PSI's reports.
 2. Comment on PSI's activities to disseminate its approach to sustainability, both within the network of PSI affiliates and in the broader development community.
 8. Identify the major implementation lessons learned.
 9. Make any recommendations for the remainder of the program and thereafter.
4. Deliverables
- Presentation of major findings and recommendations to staff of PSI and of USAID/BHR/PVC.
- Written report detailing evaluation activities, findings, conclusions and recommendations.
5. Team composition

The evaluation team will be as follows:

- One specialist in social marketing for reproductive and maternal-child health in developing countries
- One specialist in organizational development related to international public health
- One representative of USAID/BHR/PVC

6. Schedule of activities

The evaluation will be conducted over six weeks beginning August 9th, 1999, as follows:

<u>Week 1</u>	(6-day week)
Day 1	Team planning meeting and briefing, BHR/PVC Document review
Day 2	Orientation and logistics, PSI/W Document review
Days 3-5	Administrative and management review, PSI/W
Day 6	Document review
Sunday	Rest
<u>Week 2</u>	(6-day week)
Day 7	Travel to India, Paraguay, Zambia
Days 8-11	Review of country programs: India, Paraguay, Zambia
Day 12	Travel to Washington
Sunday	Rest
<u>Week 3</u>	(6-day week)
Days 14-17	Prepare draft report
Day 18	Team debriefs BHR/PVC, PVO
Day 19	Prepare draft report
<u>Weeks 4-5</u>	[The evaluation team is not involved at this time] BHR/PVC review of draft report PSI review of draft report Submission of BHR/PVC and PSI comments to team
<u>Week 6</u>	(5-day week, Team Leader only)
Days 20-22	Revision of draft report by Team Leader Duplication of final report and delivery to BHR/PVC